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P R O C E E D I N G S

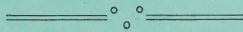
of the

Select Committee of the Ontario
Legislature appointed to enquire
into matters concerning certain
Divisions of the Department of
Highways.

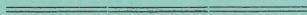
MR. A. KELSO ROBERTS, Q.C., CHAIRMAN

PRESIDING.

MR. V. J. JOHNSON, SECRETARY.

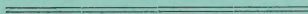


VOLUME VI



Friday, June 4th, 1954.

ALBANY, N. Y. U. S. A.



S I X T H D A Y

Albany, New York,
Friday, June 4th, 1954,
9:15 o'clock, a.m.

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The further proceedings of this Committee
reconvened pursuant to adjournment.

PRESENT: Mr. George L. Nickerson, Chairman,
Presiding.

Mr. A. Kelso Roberts, Q.C., Chairman,

Hon. Dana Porter, Q.C. (Attorney-General),

Messrs. Dent,

Mapledoram,

Collings,

Beckett, Q.C.,

Janes,

Herbert,

Grummett, Q.C.,

Mr. R. L. MacTavish, Q.C., Committee Counsel

Mr. V. J. Johnson, Secretary.

APPEARANCES:

Mr. M. A. Elson, Deputy Minister,
Department of Highways,

Mr. John Walter, Construction Engineer,
Department of Highways,

Mr. Duncan Gordon, Management Consultant,

Mr. E. Burton Hughes, Deputy Superintendent,
Albany.

Mr. J. P. Ronan, Executive Assistant
to Superintendent.

Mr. Robt. R. Prince, Department Counsel

Mr. Henry A. Cohen, Director, Bureau of
Contracts and Accounts,

Mr. W. J. LaFleur, Director, Bureau of
Public Relations,

Mr. George L. Nickerson, Chief Engineer,

Mr. Henry Ten Hagen, Deputy Chief Engineer,
(Canals, Waterways, Flood
Control, Highway Planning,
Town Highways and County
Roads)

Mr. Vibert L. Ostrander, Superintendent of
Operation and Maintenance

Mr. John Purcell, Gasoline Tax Director,

Mr. John Tobin, Accountant.

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CHAIRMAN NICKERSON: I think, gentlemen, we
might come to order, and carry on from yesterday.

MR. COLLINGS: Before we start, Mr. Chairman,
may I ask who is the head of the Highways Department?

CHAIRMAN NICKERSON: We had a list of the
employees here yesterday.

MR. HUGHES: He is appointed by the Governor,
and sits at the will of the Governor.

COMMITTEE CHAIRMAN ROBERTS: Is there a political appointment, something comparable with our Minister of Highways?

MR. HUGHES: The Superintendent is appointed by the Governor.

CHAIRMAN NICKERSON: If there is a change of administration, the Superintendent ordinarily submits his resignation. The incoming Governor may re-appoint him, or he may have another man in mind.

COMMITTEE CHAIRMAN ROBERTS: There is no intervening political Minister between your Superintendent and the Governor of the State?

MR. HUGHES: No. He is one of the Governor's Cabinet. The Superintendent serves at the pleasure of the Governor, and the Deputy Superintendent at the pleasure of the Superintendent. They are permanent. There are three phases of engineers, right on down through the organization.

MR. COLLINGS: The man appointed by the Governor is not an elected person?

MR. HUGHES: No. 1925 was the last year they had an elected State Engineer, as such. From that point on, he was appointed by the Governor.

HON. MR. PORTER: The Superintendent is in the Cabinet?

MR. HUGHES: There are two officers in the Cabinet, the Comptroller and the Attorney-General, who are elected.

COMMITTEE CHAIRMAN ROBERTS: I think that answers Mr. Collings. Actually, he is, to all intents and purposes, in a position corresponding to our Minister?

HON. MR. PORTER: In Washington, the Cabinet is entirely appointed.

COMMITTEE CHAIRMAN ROBERTS: Yes.

MR. COLLINGS: How long does a session of the Legislature here last?

MR. HUGHES: It generally starts the first week in January, and they get through about the latter part of March. We will have a special session, to take up one or two matters.

HON. MR. PORTER: The Governor can call a session at any time?

MR. HUGHES: Yes, as long as he specifies the purpose.

COMMITTEE CHAIRMAN ROBERTS: Normally about three months?

MR. HUGHES: Yes. It has run longer, at times.

MR. JANES: There is a question I want to

get clear in my own mind. You have a gas tax?

MR. HUGHES: Yes.

MR. JANES: How do you handle the gas for farmers?

MR. HUGHES: They get their gas at the pumps, the same as other motorists.

HON. MR. PORTER: They do not have a rebate?

MR. HUGHES: No, none that I know of, at the present time.

MR. COHEN: They get exemptions if they stay off the highways.

MR. JANES: I wanted to know how it was handled. We rebate the gas to our farmers.

MR. HUGHES: That may be handled between the wholesaler, who has a tank, and the farmer, for farm use. I am not just sure how they handle it.

MR. JANES: We have tried several ways, and the one we have now does not seem too satisfactory, but it seems to be the only way we can handle it.

COMMITTEE CHAIRMAN ROBERTS: In regard to that gas tax; could you tell us the amount of tax the State collects?

MR. HUGHES: I think we have that in the State Tax Commissioner's report.

MR. COHEN: This (indicating) shows where the

money comes from.

COMMITTEE CHAIRMAN ROBERTS: Do you have so many cents per gallon?

MR. HUGHES: Yes, four cents.

COMMITTEE CHAIRMAN ROBERTS: Does any other jurisdiction tax gas, besides the State?

MR. COHEN: The City of New York has a sales tax on practically everything outside of food, and on food, after a certain amount.

HON. MR. PORTER: But not on gasoline?

MR. COHEN: Oh, yes. I bought some gas down there recently, and there was five cents or six cents additional above the tank price, which covers the sales tax.

COMMITTEE CHAIRMAN ROBERTS: Is there a Federal tax?

MR. HUGHES: Yes.

COMMITTEE CHAIRMAN ROBERTS: How much is it, per gallon?

MR. HUGHES: I think it is three cents.

COMMITTEE CHAIRMAN ROBERTS: Three cents, plus four cents the City of New York applies, and then any additional tax a municipality may charge?

CHAIRMAN NICKERSON: Yes. Our Department has nothing to do with police functions or the collection

of money for taxes on gasoline, or Diesel fuel, or anything of that nature.

MR. COHEN: If the Committee wanted to speak on that matter, we might invite somebody from the legal staff of the Tax Department to come in.

COMMITTEE CHAIRMAN ROBERTS: That might help us. We would like to get a comparison with respect to our own tax on gas.

MR. COHEN: I will telephone the Counsel and ask him to send somebody down, who knows about this.

MR. HUGHES: In the report to which I referred here (indicating) we recommended an additional two cents on gasoline, and three cents on Diesel fuel, to finance the \$700 million bond issue. We have a \$2-billion highway programme in the next seven years, and I think gasoline is a good source of revenue to build highways.

HON. MR. PORTER: You must collect a greater amount than you spend on highways.

MR. HUGHES: No, we do not. When everything is figured, it is in excess of what we collect.

COMMITTEE CHAIRMAN ROBERTS: Then, probably we could come back to where we left off last night, that is, the contract let and the procedure started, the check you have for making sure that payments are due from time to time, and the amount of those payments.

CHAIRMAN NICKERSON: As soon as the requirements have been met, and the contractors have filed the necessary papers and bond, and the contract is officially awarded, the District Office is notified that the contract for such-and-such a project has been awarded to contractor "A".

The District Office immediately writes the contractor to that effect, and asks him about his plans for starting the work, generally suggesting a conference to discuss his plans, and asking him to designate the sources of materials which he desires to use.

For concrete purposes, we would include the sand, and his coarse aggregate, cement and so on. Then the District Office checks the sources of materials to see that they are already State-accepted, and if not, they tell him that this particular source is not acceptable, and that it is rejected for performance or other reasons, and he cannot use it, and suggests another source.

In that same letter asking for information about sources of materials, the contractor is advised that part of his responsibility is to furnish the stakes to stake out the job, and on an ordinary lane highway, the stakes are 2 x 2 x 21 inches long, dressed four sides, at the rate of 250 stakes to the mile.

The contractor has to furnish those. They all know about it. That is the usual procedure. Then he furnishes extra stakes, some four feet long, for structural work.

Generally, the contractor calls at the District Office and discusses his plans of operation, sequence operations, and where he wants to start, and so forth. In ordinary procedure, the District Office will assign a field party to stake out the work.

Please bear in mind there has been a preliminary survey and cross-section, based on baseline information, the plans and centre line, and the grades have been determined, and they show on the contract plans.

But when the contractor is ready to start work, the centre line is laid out on the field, the benches are checked, the grades are set, the centre line is set, and new cross-sections are taken. They may take additional cross-sections where there is an abrupt change from cut and fill. Those are used as a basis of payment for the excavation quantities.

The job is staked out by the Departmental engineers, the contractor starts work, and the work is constantly inspected, and all the material which comes on the job is inspected.

COMMITTEE CHAIRMAN ROBERTS : May I interrupt you there? Do you, under any circumstances, advance anything to a contractor to help him over the first part?

CHAIRMAN NICKERSON: No. It is up to him to finance himself.

COMMITTEE CHAIRMAN ROBERTS: You never depart from that practice?

CHAIRMAN NICKERSON: No. Generally, one of the first items is clearing the road, that is, clearing and grubbing, cutting trees, and so forth, and that is generally a lump-sum bid on the part of the contractor. That brings him in money in the first estimate very promptly, to help finance the next step on the job.

Ordinarily, by the time the first monthly estimate comes in, he might have the job 60 percent. clear, so, on a lump-sum basis, he does get a return quite easily, while his other items in the estimate might be low. He has just started to scratch the placing of culverts.

The material which comes in is inspected daily; it does not matter whether it comes from approved sources, like sand or stone, it is still inspected daily on the job. And if there is a variation from normal tests, sometimes we send it back, or we tell the truckers they can leave it, but not to use it.

COMMITTEE CHAIRMAN ROBERTS: Does that mean you have somebody on the job at all times?

CHAIRMAN NICKERSON: Yes, we have an inspector on the job at all times. The contractor furnishes an office for the engineer and crew, and they keep their records and instruments there, and use it as an office, right on the job.

The dates for monthly estimates vary with the type of contract, so that the load is distributed both in the District Office and Headquarters Office for advancing these estimates. Once a month, the contractor is given an estimate, if he has done a certain amount of work. If it is a big contract, and he has done over a certain amount of work, at his request, sometimes we give him a semi-monthly estimate, to help finance him through the work.

COMMITTEE CHAIRMAN ROBERTS: You give it semi-monthly?

CHAIRMAN NICKERSON: Yes.

COMMITTEE CHAIRMAN ROBERTS: You never give him anything over and above what he has earned?

CHAIRMAN NICKERSON: No. The engineer in the field is the man who figures out the quantities of work done in the estimates, and submits a form to the District Office, where they are checked arithmetically

against progress reports, which come in weekly, and if they are found correct, and if all the material acceptances are correct, the estimates are then advanced to the Main Office for consideration, and from the Main Office to the Comptroller for payment.

Now we have, in addition to the estimates themselves -- the estimate forms -- forms covering cement received and cement used, and various other items on the work, and the cars they come in, whether it is a Lehigh Valley car, numbered so-and-so, or whatever it is, and how many barrels were in that car, and the date it was received, and where it was used. Every car is listed that way. We have the same kind of record for bituminous material such as tar and asphalt. Those are supplemental reports sent in by the field engineer.

COMMITTEE CHAIRMAN ROBERTS: That would apply, even though they were consigned to the contractor?

CHAIRMAN NICKERSON: They are all consigned to the contract, not to the contractor. We want to be sure if it is State-approved material.

MR. JANES: May I ask a question? Going back to the material; as I understand you to say, the material had been approved before the contract was let. The point is this; if certain material is approved, and you find later that it is not good enough,

and the contractor is compelled to go a greater distance for material, do you compensate him for the extra truckage?

CHAIRMAN NICKERSON: We do not specify the material, for instance, crushed stone or sand, from any particular source. We say, "You can get it where you want to, but it must be from an accepted source". Everybody knows that sand banks will vary from day to day and week to week, as you are working it. You may run from a good gradation back into an unexpected gradation, and that is why we run our daily inspections on the job. The same way for other material.

MR. JANES: A contractor might run into heavy expense, if he has to go an extra fifteen miles.

CHAIRMAN NICKERSON: That is up to him to get it.

MR. HUGHES: He anticipates that, when he puts in his bid.

CHAIRMAN NICKERSON: Some contractors in this area might be importing stone from away down near New York, and shipping it up by barge, or by rail. Other contractors may only be five miles away from the material. It depends on the plants, as to how many of these contracts they can serve at a time.

It is up to the contractor to look into the available sources of material, and bid accordingly. Once he has bid, it is no concern of ours whether he has to go farther away, or change to a source nearer by. That does not affect the unit price.

MR. JAMES: My thought was if he was sure of getting material closer to the work, he might bid a lower price, and perhaps the Department could well afford to pay him for extra truckage. They would save enough to pay it. Would that be possible?

CHAIRMAN NICKERSON: I do not think so. It would require negotiated pricing all through the job. He might get into a wrangle with a source of supply, and pull out from one, and get it from another plant. Why should the Department be concerned with that? It is the results we want. We do not care where he gets it, as long as it is from an approved source.

COMMITTEE CHAIRMAN ROBERTS: You put the responsibility entirely upon him?

CHAIRMAN NICKERSON: That is right.

Now, gentlemen, I think I have covered very briefly, the method of sending in monthly estimates. At the end --

COMMITTEE CHAIRMAN ROBERTS: May I interrupt you on that, before you go to the final matter?

CHAIRMAN NICKERSON: Yes, Mr. Roberts.

COMMITTEE CHAIRMAN ROBERTS: In regard to these monthly estimates; they come from the District Offices. All the very careful checking is done inside the District?

CHAIRMAN NICKERSON: Yes.

COMMITTEE CHAIRMAN ROBERTS: During the stages you have outlined up to the present, do the Head Office people do any checking themselves, or accept, at face value, the statements which come in from the Districts?

CHAIRMAN NICKERSON: If you will hold that for a moment, Mr. Tobin will tell you about the Head Office procedure, after they get the information from the Districts.

When the monthly estimate is made by the engineer in charge of the project, and sent in, it is supposed to be checked by his men before it comes in. It is re-checked in the District Office and if there is anything the checking section is not satisfied with, they either call in the engineer in charge, or send it back for further explanation or revision.

Then it is transmitted to the Main Office, and the estimate shows the total amount of work done to date, as well as the amount of work done since the

previous estimate. That is evaluated in dollars, and then 10 percent. of the total amount of work done -- in money -- is retained by the Department, so the amount that is advanced is 90 percent. of the work done during that estimate period, in dollars.

If you will let me go along with the field work, Mr. Tobin can tell you all about the Headquarters financial end of it, and we can keep it in better sequence.

MR. JAMES: May I ask a question before you leave that? It happens in a contract sometimes that when you get into a grade, you find different material than you started it, possibly quicksand, or something of that nature. Is there a resident engineer who is allowed to re-assess? Supposing he runs into quicksand, or a bit of rock where there is supposed to be earth or sand; is there anything done about that?

CHAIRMAN NICKERSON: We are talking about highway contracts. Generally, the same procedure applies for parkways and thruways.

In our organization, we have an engineer in charge and his inspectors. In many of the Districts, the one man conducts both the engineering and the inspecting. If something comes up requiring modification, it goes to the County Assistant Superintendent. If he cannot settle it, then we have a supervising construction

engineer working out of the District Office. The supervising engineer is around on the jobs at least once a week, and if a problem comes up while he is there, it is discussed. If it comes up after he has been there, and before he gets back, the contractor takes it up with him by telephone, which he can do at any time. He may call him up at ten o'clock at night, to state his problem. He may get a decision over the telephone from the engineer, or the engineer may say, "I will be down at nine o'clock in the morning, and look it over".

We find, once in a while, we run into a pocket of bad material, what we call "unsuitable material", for stability purposes, and we just have to take it out. That may be the over-run in the estimated quantities in the net figures in that particular section.

That is taken out, maybe it is wasted completely, or maybe it is deposited on the outside of the fills, where it is used volumetrically in a position where the stability of the fill is not affected. That will vary with some jobs. We do not ordinarily classify our excavations. The contractor bids, and it does not matter whether it is earth, sand, rock or boulders, or whatever it is. He bids one price for

the excavation, so we do not care whether he strikes rock instead of earth, particularly. We do not care whether we hit gravel or sand or boulders. It is all in the one price.

MR. JAMES: Just the one unit price?

CHAIRMAN NICKERSON: That is right.

MR. GORDON: How long have you been on the basis of one classification?

CHAIRMAN NICKERSON: I do not remember the exact date, but I guess it has been at least twenty years.

MR. HUGHES: I was going to say around 1935 or 1936.

COMMITTEE CHAIRMAN ROBERTS: Does that not throw a great deal of responsibility onto the contractors?

MR. HUGHES: He has to go and see what that job requires. That is a specific requirement in our specifications. He cannot bid on a job from a desk in an office; he has to go out and see it personally.

COMMITTEE CHAIRMAN ROBERTS: We have vast country in Northern Ontario; do you think that would be feasible there?

MR. HUGHES: It is comparable with our north country in the Adirondacks. We do not have any

muskeg here, but I think we have everything else.

MR. JANES: If you had to cut through a hill for fifty feet --

MR. HUGHES: It is up to the contractor. We supply him with all the information we have. We have a Soil Bureau which goes out and takes seismic information, and takes borings where we have bad sub-soil, and we give him all the information available, when he makes his bid.

MR. MAPLEDORAM: What is the theory behind one-classification price?

MR. HUGHES: A composite price, that is fair and reasonable --

CHAIRMAN NICKERSON: And it is more simple to control.

MR. MAPLEDORAM: For instance, would you set a fairly high price on that, taking all the conditions into consideration?

CHAIRMAN NICKERSON: What we do is when we size up the job, the engineers' estimates might run 60 percent. rock and 40 percent. earth . It depends on the nature of the rock. Then we set up a unit price for rock, and, depending on the nature of the earth and so forth, a unit price for the earth. Then they would take a weighted average, and determine from

that, a fair, unclassified composite price. That is the estimate the contractor does not see when he bids. He has to go out and do the same thing. He might gamble there is only 50 percent. rock and 50 percent. earth, or he might gamble there was 70 percent. rock and 30 percent. earth.

MR. MAPLEDORAM: The price he bids would reflect that investigation?

CHAIRMAN NICKERSON: Yes.

MR. GRUMMETT, Q.C.: The contractors themselves would have fairly efficient engineering staffs, would they not?

CHAIRMAN NICKERSON: They do not all have engineering staffs, but the regular, old-line contractors have been in business a long time, with their superintendents and foremen and they have a pretty good idea about sizing up their quantities. They know what equipment they have to use, and what it costs them to operate.

MR. GORDON: To operate on one classification, you would have to have a high standard of engineers and skilled contractors?

CHAIRMAN NICKERSON: Yes, I would say so.

MR. WALTER: Is that information made available to the contractors when they are bidding?

I am referring to the legal aspect. Would that bind the contractor, or the Department?

CHAIRMAN NICKERSON: No.

MR. WALTER: It is just for the information of the contractors?

CHAIRMAN NICKERSON: Yes. We tell him, "This is the information which is now available". Of course, we might make a sounding at one place, and ten feet away find there was a different elevation. That can happen in rock. But we tell him, "That is the information available". If the contractor wants to make further studies, he may.

---Former incidents regarding construction not reported by direction of the Chairman.

MR. JANES: In spite of all your studies, you find different materials, and you re-assess the costs? How is that handled? Is the District Engineer the final authority on that re-assessing?

CHAIRMAN NICKERSON: No. Maybe you had better explain what you mean by "finding different material".

MR. JANES: You suggested a moment ago you do find cases where you have to reimburse the contractor for material nobody knows is there. Suppose there is more rock than you thought there was --

CHAIRMAN NICKERSON: No, that does not figure in any adjustment of price.

MR. JANES: Something happens, and the contractor is in trouble; who has the authority to state whether he should get more?

MR. HUGHES: I think Mr. Janes means how we handle supplemental agreements.

CHAIRMAN NICKERSON: Maybe that is it. Assuming this is extra; supposing we found some unsuitable material which had to be excavated and wasted, perhaps the rounding of the contract would still take care of that quantity. For instance, suppose we estimated 24-inch pipe at a certain location for a culvert, and found, when we got in there, that the drainage would require a 48-inch pipe, and there was no bid price for that in the contract; then we would negotiate an agreed price with the contractor, and get out a supplemental agreement, on the basis of the agreed price. All the preliminary work of that nature is carried on through the District Office. The price is analyzed and determined in a discussion with the contractor, and a supplemental agreement is prepared in the District Office. That is sent up to the Headquarters Office for approval or processing. No payment can be made for that supplemental contract, until it is approved by all parties concerned.

MR. MAPLEDORAM: Does that have to go to the Court of Claims?

CHAIRMAN NICKERSON: No, that comes to Head Office, and to the Budget Comptroller's office.

MR. MAPLEDORAM: The Court of Claims is set up to give the contractor some opportunity of going there?

CHAIRMAN NICKERSON: The Court of Claims is not set up to cover contract work only; it handles a great deal of other work as well.

MR. MAPLEDORAM: But is is the Authority to which they can go?

CHAIRMAN NICKERSON: Yes.

MR. MAPLEDORAM: They would not go in a situation such as the one to which you were referring? It would have to be something different?

CHAIRMAN NICKERSON: It is something big, where we cannot get together. For instance, a big contractor told me fifteen years ago -- they were working all over the northeastern Seaboard--"We have never gone to the Court of Claims yet, and we never will . We think we are big enough to discuss things, and that the engineers are big enough to discuss things, and if we cannot get together on a fair and practical basis, there is something wrong." They said they would not bother with the Court of Claims.

MR. MAPLEDORAM: It shows weakness, if they do go?

COMMITTEE CHAIRMAN ROBERTS: They said they would not bother with the Court of Claims?

CHAIRMAN NICKERSON: Yes. They think they have an organization of engineers who can study the situation, and who know we are trying to get a certain quality of production, and get the job built, and that some practical way should be worked out.

Of course, we may "haggle" over the price of these supplementary agreements, but according to our rules and regulations, that is as far as we can go.

MR. MAPLEDORAM: I would like to ask Deputy Minister Elson, would that take the place of the work order in our set-up?

MR. ELSON: It is very close to it. The work orders have to be approved by Head Office, and they are brought up by the Division Engineers. These extra payments are above the unit quantity price, and also extra amounts must be approved.

COMMITTEE CHAIRMAN ROBERTS: Could we come back to where you were, about the final payments?

MR. HUGHES: If the agreement includes items which are in the original contract, they are all put in at the price the contractor bids, and the only agreed prices are when we have new items in the agreement.

CHAIRMAN NICKERSON: Mr. Cohen wants to call your attention a little later on, to what might be called "an interim step" between the Court of Claims and the contractor. We will assume the work has been completed, the engineer in charge reports to the District Office that on such-and-such a date, work has been completed in accordance with the terms of the contract, and specifications, and is ready for final inspection.

Ordinarily, the District Engineer says to his construction supervisor, "Do you agree? Have you been down and seen that the work has been completed?", and if he says, "No", the construction supervisor says, "Go down and look over it, to see if there is anything you want done".

If the supervisor says, "I am satisfied", the District Engineer goes out and makes a final inspection, and if he is satisfied, he recommends the final plan to the Headquarters Office.

The field engineer immediately prepares a final estimate; they re-cross-section the job, and compare the staking-out cross-sections with the final cross-sections, to the quantities, and take the various items involved. They take all the measurements for structures and pavement, and all other items, and

these are all put into a final estimate book, each item being computed as to quantity.

COMMITTEE CHAIRMAN ROBERTS: All that is done from records? They do not go out into the field itself?

CHAIRMAN NICKERSON: This is a field party, the inspection party which has been inspecting the work. The engineer in charge makes up his final estimate. He has all his job records for every day.

COMMITTEE CHAIRMAN ROBERTS: I was thinking it was after the plans had been recommended to Head Office. This happens before?

CHAIRMAN NICKERSON: Some of the work is run before the final plan. He measures up the culverts as they are built, so he does not have to measure the final. He measures the pavement as laid, and the masonry reinforcement. It is really a running log that is kept. When taking his final estimate, he takes a final cross-section and determines the final earth quantity. If it is a concrete pavement, after the paving is done -- maybe long before the rest of the job is completed, as far as the trim-up, the field engineer notifies the Head Office he is ready for the core, and the core measurement is set down for depth.

COMMITTEE CHAIRMAN ROBERTS: That is all done

before it comes to Head Office?

CHAIRMAN NICKERSON: It may not be completed before the engineer recommends the plan. He simply plans on the work.

If the Headquarters Office accepts the job, the contractor is relieved of further responsibility. It may take several months before he gets the final payment.

COMMITTEE CHAIRMAN ROBERTS: When it gets to Head Office, Mr. Tobin will tell us to what extent the Head Office re-checks the District Engineers' reports?

CHAIRMAN NICKERSON: Yes. The procedure in the District Office in the preparation of the final account, is to work out the quantities for all the various items, and then before the account is advanced to the main office for payment, we invite the contractor to come in and go over the quantities. If he thinks we have left out something, for which he thinks he is entitled to payment, he will promptly call it to our attention. We may disagree as to whether it has been left out. He may want us to waive the maximum payment, for the pavement alone, and we will say, "No".

He can take as long as he wants in the District Office. He cannot take the records away, but he can take anywhere from a half an hour to two

or three days to go over them, and if he wants to check the cross-sections, he may.

COMMITTEE CHAIRMAN ROBERTS: You notify him in writing?

CHAIRMAN NICKERSON: Either in writing or by telephone. If he is not too far away, we may call him up and say, "Jim, your final is ready; when do you want to look it over?".

MR. MAPLEDORAM: Mr. Nickerson, I think I should bring out here something which is very important, as far as this Committee is concerned. Say you are calling for a half-million dollar contract; is that in the final?

CHAIRMAN NICKERSON: It might be.

MR. MAPLEDORAM: The unit price and totals are there. You say in your job you have only the quantities actually moved. There may be discrepancies. There may be estimated 500,000 tons of earth, but you only have to move 300,000. You would only pay for the 300,000?

CHAIRMAN NICKERSON: Yes.

MR. MAPLEDORAM: So the final contract might end up for \$300,000, \$400,000 or \$600,000?

CHAIRMAN NICKERSON: That is possible, but ordinarily we do not have that variation.

MR. MAPLEDORAM: The price that is given out to the newspapers and to the public of "\$500,000." does not have any bearing on what is bid on the contract?

MR. HUGHES: He gets paid for what he does.

MR. MAPLEDORAM: That is something which the Committee is interested to find out.

MR. COLLINGS: Would you say that the \$500,000. contract would probably reach \$600,000?

MR. GRUMMETT, Q.C.: It is over the 17 percent.

CHAIRMAN NICKERSON: Not very often.

MR. COLLINGS: Generally, you say the contracts are under the estimated costs?

CHAIRMAN NICKERSON: Yes.

HON. MR. PORTER: You do not have any average over-runs?

MR. HUGHES: You are talking about the estimated cost and the bid price?

HON. MR. PORTER: He said "17 percent.".

MR. HUGHES: He offers to do that work, and he bids \$400,000. That might be upped to \$410,000.

MR. COLLINGS: It could reach \$600,000?

CHAIRMAN NICKERSON: That would be a different situation.

HON. MR. PORTER: What is the experience with over-runs? That is, the amount paid over the contract

bid price, because of moving more than the estimated quantities?

CHAIRMAN NICKERSON: I do not know that anyone could give you a percentage of that. With the unit price, you might over-run on unclassified excavations, but the nature of the material may be such that you do not have to use as much gravel sub-base, so you might under-run on the sub-base.

You might estimate culverts at 400-foot intervals, and then find you can obtain the necessary drainage with culverts at 600-foot intervals.

You might over-run one quantity, and under-run another, so when you come to the final payment, although you have had under-runs and over-runs, you may be very close to the bid amount. The quantities are always rounded.

MR. MAPLEDORAM: I did not ask that question to cause any argument, but, in Ontario, the public has been led to believe that -- well, I will say probably some things have happened -- with the contracts as let.

If you are building a house or anything else, if the contractor bids \$100,000 on the job, that is all he would get, and if he got any more, it is illegal, and not right, and there is something crooked going on.

The point I am trying to make is, the unit price in your organization controls the costs?

MR. HUGHES: On highways.

MR. MAPLEDORAM: Just the same as in Ontario, a \$100,000. contract might end up with \$50,000 more, depending on the quantity moved. Is that correct?

CHAIRMAN NICKERSON: Yes, but it would be exceptional, if we had anywhere near that percentage.

HON. MR. PORTER: The experience is the bid price is not far off the mark?

MR. COHEN: Could we ask Mr. Tobin. That answer may come better from him.

MR. TOBIN: Very rarely is it increased on the final. Our average would be around 10 percent. or 15 percent. under the amount bid.

MR. MAPLEDORAM: One step further in that thinking, Mr. Nickerson: for instance, if you had projected a road, and you start your engineering on it this year, and you have similar sorts of roads and had done the engineering on the same basis, would you obtain knowledge or experience over the year that there was something wrong with your specifications, and you recalled the contract.

If there was a job in progress, and you found, through some experience you had run into, that the

specifications for that road were not heavy enough, or there was not enough granular base; have you the right to change the specifications, without recalling the contract, or could you work out something like that, which would make a difference in the price?

CHAIRMAN NICKERSON: I do not think we would find, generally speaking, we had seriously erred in our specifications. For instance, we might find we have a macadam job, where we estimated tar, and you find a number of coke ovens had shut down and you could not get tar. You would have to substitute asphalt.

HON. MR. PORTER: That would be by supplemental agreement?

CHAIRMAN NICKERSON: It would be by supplemental agreement, at an agreed price. Or we might find we had estimated uniform 9-inch gravel sub-base throughout the job, and we come to one place which was a little softer, and we had to put in 15 inches of sub-base, but that would only be for a short section, and ordinarily the round in the estimated quantity might be enough to take care of that very thing.

That is one of the reasons we have the quantities rounded.

But, supposing the rounding is not enough to take care of it, if it is a substantial amount, we

get out a supplemental contract immediately.

If it is only a small amount, the contractor waits for the final agreement to take care of it.

MR. MAPLEDORAM: That would end up with an increased cost for that particular contract?

CHAIRMAN NICKERSON: For a certain item. You may be under, on another aspect.

MR. COLLINGS: Mr. Nickerson, if you build a highway without any pre-engineering, and you estimated it to be \$500,000, and it finished up costing you \$1 million, would you be concerned? You have done no pre-engineering.

CHAIRMAN NICKERSON: I would be afraid to do it without pre-engineering. We would be concerned, and, frankly, we would be scared to death to start out that way.

COMMITTEE CHAIRMAN ROBERTS: With reference to the Adirondack area; is there any change?

MR. HUGHES: No, we use the same standards we would in the metropolitan area. The quantities are different and the type, but we do the same preliminary engineering.

COMMITTEE CHAIRMAN ROBERTS: Do you ever have to do work up there in a hurry? Or have you lots of time?

MR. HUGHES: We feel that all our work has to be in a hurry.

CHAIRMAN NICKERSON: The taxpayers say we are fifteen years behind now.

MR. MAPLEDORAM: This may not be a proper question, and if it is not, I will not press for an answer. Do you have any public re-action to the increased costs in a contract? You know what I mean? Do you have any re-action?

CHAIRMAN NICKERSON: I do not think so. Not that I know of. Because, in the first place, we do not have substantial increases as a usual proposition, and if there is the rare occasion where there is a big increase involved, the general public can usually understand the reason for it.

MR. HUGHES: The supplemental amount for the complete expense, is always arrived at through an agreed price analysis.

HON. MR. PORTER: Is that made public at the time?

MR. HUGHES: Not necessarily so.

MR. MAPLEDORAM: You find you have good reason for doing what you do?

CHAIRMAN NICKERSON: Maybe we do it differently than you do in Ontario. I do not know what your system is. But here, the Department does not spend a nickel

It only keeps the records, prepares the plans, supervises the work, and makes recommendations. We have a Budget Department and Comptroller controlling the funds, and I can assure you it is a closed corporation.

COMMITTEE CHAIRMAN ROBERTS: Let us get that clear. Before payments are made, it has to go to another Department?

MR. HUGHES: We never see the money. The cheques are made by the Comptroller and we never see the money.

HON. MR. PORTER: Similar to our Treasury Department.

CHAIRMAN NICKERSON: Yes. Sometimes, a contractor will call up and say, "I have not got my final payment; is it not about time?". We do not know whether he has his final payment or not. All we know is we got the final, and sent it on, but whether the Comptroller had issued the cheque or not, we do not know.

We might call up and say, "Company 'A' has not got its final payment on such-and-such a job; will you check it and find out why?".

COMMITTEE CHAIRMAN ROBERTS: Would you expect it would get a further very careful examination, before payment?

MR. COHEN: I think the Comptroller has an engineer who checks this engineering, and when it goes to the Budget, he has an engineer who checks it.

COMMITTEE CHAIRMAN ROBERTS: Perhaps we have reached the point where Mr. Tobin could come in and give us that information. It might anticipate some of these questions.

CHAIRMAN NICKERSON: If we find a modification, we immediately notify the Budget, and their engineer goes out with our engineer, and looks the condition over, to convince himself that a change is necessary, and also as to the amount of change involved.

Once that is all agreed upon between the Department's field engineer, ^{and} the Budget Department's field engineer, this supplemental agreement is made up, and advanced for payment. So there is all that final checking, even before the agreement is made up, in fact, even before you get approval to make up an agreement.

COMMITTEE CHAIRMAN ROBERTS: I think perhaps if Mr. Tobin could give us the picture from where his office takes over, some of the questions might be answered.

MR. COLLINGS: Mr. Chairman, before we finish, will there be the possibility for us to obtain information as to the cost per mile of different types

of highway construction.

COMMITTEE CHAIRMAN ROBERTS: There is a schedule here to which I was going to refer a little later.

MR. COHEN: If I may read a very short paragraph about contingent or extra work.

Prior to the enactment of this piece of legislation, there was difficulty between the Department of Public Works and the Department of Audit and Control, about paying for extra work, and paying for unforeseen conditions. We did not know how to satisfactorily arrive at a conclusion, but we had to do something.

The Comptroller's Office also resisted payments on these.

This applies to "Contingencies and Extra Work", and is found in Paragraph 9, of Section 38, of the Highway Law. It reads:

"Whenever the superintendent of public works determines that from any unforeseen cause the terms of any contract should be altered to provide for contingencies or extra work, he may enter into a supplemental contract therefor with the contractor. The estimated expenditure pursuant to the supplemental contract shall not be an increase over the estimated expenditure pursuant

to the primary contract unless the latter estimated expenditure shall have been amended by the superintendent of public works and a duplicate of such amendment shall have been filed with the comptroller.

When such supplemental contract provides for similar items of work or materials which increase or decrease the itemized quantity provided for in the primary contract, the price to be paid therefor shall not exceed the unit bid price in the primary contract for such items. Agreed prices for new items of work or materials may be incorporated in a supplemental agreement as the superintendent of public works may deem them to be just and fair and beneficial to the state.

Whenever the superintendent of public works also determines that in the cases herein provided it is impracticable for him to ascertain in advance the just and fair price to be paid by the state for new items of work or materials, the supplemental contract therefor may provide for performance of the work and the furnishing of the materials and equipment, in which event the contractor shall keep and shall make available at all times to the superintendent of public works such

accounting records, data and procedure as may be required by the superintendent of public works. An estimate of the value of such work and the furnishing of materials and equipment shall be submitted by the superintendent of public works to the state comptroller who is hereby empowered to approve such estimate. Partial and final payments shall be made upon proper records and data itemized as hereinbefore indicated.

Before any supplemental contract shall become effective, it shall first be approved by the director of the budget and also by the comptroller, and filed in their respective offices."

EXHIBIT NO.20: Highway Law,
State of New York,
and 1952 Revisions thereof,
as produced by Mr.Cohen.

COMMITTEE CHAIRMAN ROBERTS: It goes beyond your Department altogether, before it gets Authority.

MR. COHEN: The effect of this is that before a supplemental contract shall be come effective, it must be approved by the Director of the Budget, and also the Comptroller.

I want to make one remark about the Court of Claims. One or two contractors have said they never go to the Court of Claims. We have several

contractors who have been doing work with the Department for forty years or more, and they say they will never go to the Court of Claims.

But we have other contractors who specialize in going to the Court of Claims. Some of them are those whose first employee, when they are awarded a contract, is not an engineer; it is a lawyer.

HON. MR. PORTER: They have great confidence in the attorneys.

MR. ELSON: Mr. Nickerson, do the contractors cross-section the areas themselves, with the field engineer, and also check the final quantities, or do they rely on your surveys?

CHAIRMAN NICKERSON: Ordinarily they rely on our surveys. They have their own methods of checking.

They may question the amount of material moved from one source to another. They might say , "I am using a 31 shovel and the capacity is so many yards per hour, and it worked continuously in that area".

They have their own methods. Only a few of the contractors really have their own engineering force. In such cases, we welcome them. We will let them go with our men on a field party, and they can make their own notes.

At the same time, they might put a man out

with a field party to offset the elevations, and keep their own set of books.

But, ordinarily, they do not have engineering crews of their own. They take our records.

MR. MAPLEDORAM: You would not take their engineering documents, to change any of your records at all? If the records they had did not agree with those made by your staff, you would not let them interfere with your staff?

CHAIRMAN NICKERSON: He might call something to our attention he thought we had overlooked. If we found we had overlooked it, naturally we would listen to him. We try to settle these things right on the job.

COMMITTEE CHAIRMAN ROBERTS: In relation to that, may I ask you one question? And this is getting on to one of the things this Committee has been set up to look into. You have outlined what might be termed a very intimate relationship between your men in the field, and the contractors on the job?

Have you any strict rules with respect to your own employees so as to avoid any possible inducement to perhaps weigh their judgment a little more in favor of the contractor?

CHAIRMAN NICKERSON: That is standard ethics, most of which are not in written form. We do not

encourage fraternalism. The contractor is supposed to furnish an office for the engineer and his crew. He might rent a store building or a house, and say, "I will put my office on the first floor, and you will be on the upper floor", or they might be on opposite sides of a hall. That is not fraternalism, but the men visit back and forth, which, perhaps, is natural. Of course, sometimes the offices are several miles apart.

COMMITTEE CHAIRMAN ROBERTS: Is there any specific rule against the acceptance of gifts by your men in the field from these contractors?

CHAIRMAN NICKERSON: I would think that would be very difficult to define. If the contractor offered the engineer a cigar --

COMMITTEE CHAIRMAN ROBERTS: How about a bottle of liquor for Christmas?

MR. COHEN: We follow the F.B.I. rule. We do not accept anything we cannot eat, or smoke or drink in one day. That comes from our Federal Bureau of Investigation in Washington.

COMMITTEE CHAIRMAN ROBERTS: Perhaps there will be some reference to that in another part, when you tell us how your Head Office checks the field.

MR. COHEN: When we get any word about something which may not be right, an investigation is made

immediately. There is a code of ethics, but it is no different than you would expect for yourself, or those who work for you.

COMMITTEE CHAIRMAN ROBERTS: One of the recommendations in the Wood, Gordon report -- Management Consultants -- is that a rule should be brought into effect which would prohibit absolutely any gift to any employee, of any kind at all, and it goes further, and it says if any gift is accepted, that person should be summarily dismissed, and the contractor should be black-balled from any further contracts.

Would you make a comment on a rule of that kind?

MR. COHEN: My own personal observation in this Department -- and I have been here since 1941, but I have 35 years service with the State -- that it is much more simple to lay down a rule than to try and carry it out.

We could say to the employees, "No gifts", but if somebody comes into our office with a couple of quarts of ice cream on a hot afternoon, and says to the girls, "If you have any dishes and spoons, we will have some ice cream", I would certainly hesitate to say, "Do not take the ice cream; I do not think it is a good thing to do". I think that would be casting

aspersions on the man who brought it in, who may be perfectly innocent of any wrongdoing.

We have the Industrial Building Association which only conducts about two meetings a year, and each man in our Department receives tickets for the dinners.

For myself, I say I have no opposition to any luncheon engagement or dinner engagement, if the invitation comes from the organization, but I would seriously resist them, if they came from individual contractors.

I have great respect for a business man. I think he knows what he is doing. I think that is the basis of the economy of our country -- not to get into a too deep philosophy -- and I have learned that a business man who spends a dollar expects something in return. But there is a quid pro quo there, which must be considered.

So, in my personal conduct, I think I follow the same rule that applies to all members of our staffs, be on a friendly basis, but not on an intimate basis.

There is a line of distinction there, but as far as the boys and girls who work in the Department are concerned, we tell them to accept gifts from individual contractors is not a favoured thing, and we prefer that they do not do it.

I know at the Christmas season, packages come in every day, and I have a fair idea of what is in the packages, but up to the present time, from the experience of our Department, and that of a number of other Departments, there has been no scandal and no question about any of them.

We let our people, and the bonding people and the contractors know, that we have no special friends, that everybody is entitled to the same thing, and that if we say "Yes" to one contractor, we will say "Yes" to every other contractor, on the same point.

We have had competitors, because a contract was awarded to the low bidder, come in and say that in their opinion the contractor who had the bid was not in a position to carry it out properly. We will say to him, what we will say to all the other men, that we will give him a fair trial, because in our work we have no friends, we work for the State, and are here to protect the State, and up to the present time, we have not had anything resembling a scandal in the Department. There have been cases, I imagine, where perhaps certain things have not been quite right, but the District Engineers handle them as well as we could, and they did not bring them to Head Office at all.

But in regard to the subject of gifts: I

remember reading an article not long ago where Mr. Hoover, the Director of the Federal Bureau of Investigation, said that for his own people, he has the rule that if they are offered something they can eat, drink or smoke, in one day, take it, but if it takes longer than that, do not touch it.

CHAIRMAN NICKERSON: Shall we have Mr. Tobin tell us about what is done in Head Office?

COMMITTEE CHAIRMAN ROBERTS: That might be a good idea. Perhaps his remarks may answer some of the questions the Committee may have in mind.

MR. TOBIN: We do not audit the estimates; we accept the approval of the District Engineers. We check the major assignments. A contractor may assign his money to a bank, or he may be dilatory in paying his accounts.

In regard to the assignments; we requisition the amount due against the assignment, and our job is primarily to pro-rate the cost.

A good part of our State system is in the Federal Aid Programme and generally the Government participates in that, and pays 50 percent. of the cost. Now, different municipalities will come in for extra work. Our job is to pro-rate these costs, and we get a State appropriation for our own work, and we

have municipal funds set aside for municipalities by the Comptroller.

We do not audit. The estimates are requisitions in our accounts. Before sending them down, we check the labour affidavits. Under the State law, all contractors must certify that their labourers have been paid, and we generally accept the recommendation up to six days before the date of the estimate.

COMMITTEE CHAIRMAN ROBERTS: You require that on every monthly account?

MR. TOBIN: Yes. If the labour affidavit is lacking, we will not send it to the Comptroller. All approved State contracts must be up to date, as I have indicated.

They are then approved by the Deputy Chief Engineer, and by our Director, and are forwarded to the State Comptroller, who makes a very careful audit. He checks each item.

COMMITTEE CHAIRMAN ROBERTS: May I ask you this, Mr. Tobin; do you at any stage of the approval of the contract, require the signature of the contractor?

MR. TOBIN: No. The only time we require the signature of the contractor is on the supplemental or final agreements. The estimates do not show the

signature of the contractor. It shows the signature of the engineer in charge, the District Engineer, our Director, and the Deputy Engineer in charge of construction.

MR. COHEN: Would you like to see our form?

COMMITTEE CHAIRMAN ROBERTS: I think it would be very interesting.

That is, you require four signatures?

MR. TOBIN: Yes.

COMMITTEE CHAIRMAN ROBERTS: What about the Treasurer?

MR. TOBIN: The Comptroller makes a very careful audit, and shows the original amount as against the contract.

There are supplementals which are not shown in the estimates at all. A supplemental is approved by our own Deputy, the Comptroller, and the Budget Director.

He then prepares a warrant and forwards it to the State Treasurer, who draws the cheque and transmits it directly to the contractor or his assignees, as the case may be.

We retain 10 percent. of all the contracts, normally. If a bond is dispensed with, it is very rare. I have not seen one in the last ten years.

If a performance bond is not required, we retain 20 percent. If the bond is required, we retain only 10 percent. From that point onward, we pay 100 percent. of the monthly estimate.

When the work has been completed, and the recommendation is received from the District Engineer of acceptance, upon the approval of the Deputy in charge, we release to the contractor, 50 percent. of the monies we have retained. That follows the same procedure, and that goes to the State Comptroller, who in turn draws a warrant on the State Treasurer.

About three months after, normally, we receive from the District Engineer, the final agreement, showing all the alterations during the progress of construction, which have not been taken care of. I prepare a statement and submit it to the Deputy, who approves the supplemental agreements, and forwards them to the Director of the Budget, who approves them, and they are then sent on to the Comptroller, who also approves. They insist on the original bills, and when they are approved, I then prepare the final estimate for final audit.

We go through our accounts, and keep a record of the engineers who are concerned with the contracts and our accounts are posted up to date.

We post the final estimate in the final agreement, and make a photostatic copy of our account, certified to by our Director, and that goes with the acceptance papers, and is forwarded to the State Comptroller, to prepare his warrant, which goes to the State Treasurer.

COMMITTEE CHAIRMAN ROBERTS: While it is going through that process, have you any engineers on your staff?

MR. TOBIN: No. The Deputy in charge is an engineer, and generally has an engineer in his office.

COMMITTEE CHAIRMAN ROBERTS: Having received this final certificate for payment, which has come from the District Office, in the Head Office set-up, is there any special checking by engineers going out and taking a look at certain parts of the job, before they accept it?

MR. TOBIN: In our set-up, the responsibility rests with the District Engineer.

COMMITTEE CHAIRMAN ROBERTS: For anything that is done beyond that, apart from the ordinary audit, you have to accept the responsibility of the District Engineer?

MR. TOBIN: That is correct.

MR. COHEN: In 1944, there was decentralization

of the Department. Most of that authority was vested in the main office, but in 1944, great responsibility was placed on the District Engineers.

The signature of a District Engineer on an estimate, or the signature of his duly-authorized representative, is accepted in the main office as being the last word, as far as we are concerned.

COMMITTEE CHAIRMAN ROBERTS: Is there any engineering audit right in the District?

CHAIRMAN NICKERSON: Yes, there is a very good audit department, I would say, in the District.

MR. GORDON: One point, from what I have heard up to date, is that in New York State the District Engineers have much more authority and perhaps a much larger staff than the Division Engineers in Ontario.

I think it would be worth-while, as this whole thing revolves around the staff, and its responsibility, to get some idea of the size of the staff of the District Engineers.

COMMITTEE CHAIRMAN ROBERTS: This may be a good time to go back to that.

CHAIRMAN NICKERSON: I cannot discuss all the individual districts, but I can discuss those with which I have been personally connected, such as Poughkeepsie, and Albany. These figures are subject

to check.

In the Albany district, it averages around 200 in the engineering grades, and there would probably be 30 in the clerical and stenographic grades. About 800-odd employees on maintenance and operation of highways, and perhaps a little over 200 employees on canal maintenance and operation. I am speaking now of the Department of Public Works, rather than just straight Highways, because the District Office of the Department of Public Works will handle highway contracts and maintenance, canal maintenance and construction, and public-building work, and has all the functions which the Headquarters of the Department has. They are set up along the same lines.

I could get these figures more accurately for you, as far as District No. 1 is concerned.

Some of the other Districts may not operate with quite as large a staff, but I would say that Districts 8 and 10, 1 and possibly No. 5 are comparable.

COMMITTEE CHAIRMAN ROBERTS: What is the number of Albany?

CHAIRMAN NICKERSON: No..1.

MR. MAPLEDORAM: In setting up your Highway districts, how do you work that out? Is it on a mileage basis, or on a population basis?

CHAIRMAN NICKERSON: It is more on geographical limits, depending on the territory, as well as the mileage. The mileages of the highways in the districts will vary.

COMMITTEE CHAIRMAN ROBERTS: What would they be in No. 1, in round figures?

CHAIRMAN NICKERSON: As I recall it, we had 1,580 miles of State highway.

COMMITTEE CHAIRMAN ROBERTS: In the Albany District?

CHAIRMAN NICKERSON: Yes, somewhere around that figure -- between 1,580 and 1,700.

In that same District, while we did not have direct control, and these are rough figures, there was around 3,000 miles of county roads, and 6,000 of town roads.

MR. COLLINGS: That is in the State?

CHAIRMAN NICKERSON: That is in District No.1.

MR. COLLINGS: What would be the total mileage in the State?

CHAIRMAN NICKERSON: The State highway system has set up 14,000 miles, of which about 11,000 have been built, and are in operation, as I recall.

COMMITTEE CHAIRMAN ROBERTS: Most of them paved?

CHAIRMAN NICKERSON: Oh yes, all that have been built are paved.

COMMITTEE CHAIRMAN ROBERTS: I think that gives us a much clearer picture. As I understand it now, all the internal checking, auditing, and so forth, is done in the District, and any statement before final payment goes to the District Engineer, and then anything that is done to that statement after it leaves the District Engineer, is done as a result of records, and not as a result of checking on the ground.

CHAIRMAN NICKERSON: I would think you might say that after it leaves the District office, it is an administrative and financial check, as the Headquarters office does not go into the working up of the estimates as to quantities, and so forth.

COMMITTEE CHAIRMAN ROBERTS: From your experience, you definitely recommend that kind of set-up, that the District Engineer takes full responsibility for carrying the job through?

CHAIRMAN NICKERSON: At the risk of being considered biased, I would say "Yes". Frankly, we like the system.

MR. COLLINGS: What would be the salary of the District Engineer?

CHAIRMAN NICKERSON: It runs from \$11,925.60

up to \$14,223.50.

MR. BECKETT, Q.C.: Who appoints the District Engineer?

CHAIRMAN NICKERSON: It is a Civil Service appointment, after examination.

COMMITTEE CHAIRMAN ROBERTS: Do you mean, are the appointments permanent, or is it an appointment by the Party in power at the moment?

CHAIRMAN NICKERSON: Permanent Civil Service.

MR. COHEN: It is what we call a "promotional job". We do not take people from outside to come in and take the examinations. An applicant must have so many years service in the Department before he can qualify, so it is a promotional job.

MR. COLLINGS: If there is an opening for a District Engineer, it would be advertised throughout the Service?

MR. COHEN: Yes.

MR. COLLINGS: Would he have to write an examination?

MR. COHEN: Oh yes, and if the Civil Service Commission feels it necessary, there is an oral interview.

It is the law of the State that the Commission must take one of the first three. We have promotional

rules in the Department, and one of them is that No. 1 on the promotion list has the first refusal of the job.

If somebody does not want No. 1, the reasons must be given to the Superintendent, who will tell him that he is not available, because Mr. So-and-so says he lacks the proper qualities.

HON. MR. PORTER: The Superintendent is bound by that rule? He cannot go outside of those first three at all?

MR. COHEN: No.

HON. MR. PORTER: He has no power, under the Statute?

MR. COHEN: That is correct.

MR. BECKETT, Q.C.: What about the Deputy District Engineer?

CHAIRMAN NICKERSON: All Civil Service -- by examination.

HON. MR. PORTER: That applies to all Departments?

CHAIRMAN NICKERSON: To our Department. The District Engineer, the assistant Engineer, the senior engineers and all the way down the line, clerks, stenographers and typists, are taken from the Civil Service list.

MR. COHEN: We have some exempt jobs, not

taken from the Civil Service list. I think this body of examiners, who are near the top of the Department, the staff officers who participate in the making of Departmental policy, are exempt employees, who hold that job at the pleasure of the Department head. Everybody else is Civil Service.

COMMITTEE CHAIRMAN ROBERTS: You do not use that to keep within your salary limits, that is, using the exemption classification?

MR. COHEN: No. Under the Civil Service laws, that would not be possible.

MR. JANES: Another question which came to my mind; you have a pension in connection with your Civil Service?

MR. COHEN: That is correct.

MR. JANES: Which applies to those who have been appointed to the Civil Service?

HON. MR. PORTER: New appointments.

MR. COHEN: I would say in about 55 or 60 percent. of the jobs which are important, we have a minimum and a maximum, which is announced in the examination.

MR. JANES: Are the highway patrolmen Civil Servants?

CHAIRMAN NICKERSON: No. The highway patrolmen

have been given the opportunity of going into the Civil Service or not, as they desire. We have a number of old employees who were not in the Civil Service, and who have not gone under Civil Service, as far as the retirement age is concerned.

MR. JANES: If a man was forty years old, he could not get into the Civil Service?

MR. COHEN: Oh yes.

MR. JANES: By paying up his back dues, or taking a smaller pension?

CHAIRMAN NICKERSON: He starts paying when he comes in. We hire them when they are sixty years old.

MR. JANES: He would not get as big a pension?

CHAIRMAN NICKERSON: It is based on years of service.

HON. MR. PORTER: Does the State contribute to that?

MR. COHEN: The State pays one-half.

MR. GORDON: The District Engineer in New York State probably has as much responsibility placed on him, as the whole Department of Highways in Ontario. I may be wrong. I think it is a much bigger job. I do not think we are talking about "District Engineers",

when we are talking about our 18 "Divisional Engineers".

I think we should keep that in mind, because what might apply in one place, might not apply in another.

CHAIRMAN NICKERSON: Some years ago we had the State architect's office, the State engineer's office, the Commissioner of Canals, and the Commissioner of Highways. They were all separate organizations, and probably our Commissioner of Highways more nearly corresponds to the Ontario highway set-up.

Then there was a re-organization and those four units were all put in the Department of Public Works, so the head of that Department is the Superintendent of Public Works, and each of the ten Districts we set up function just the same as the Headquarters office.

COMMITTEE CHAIRMAN ROBERTS: Perhaps, following Mr. Gordon's remarks, in the District of Albany, No. 1 District, what would be your dollar budget, normally?

CHAIRMAN NICKERSON: I would not want to answer that question without going into the records.

But I would say this; when I was in the Poughkeepsie District, we did more work than the entire State of Connecticut. That is not as large as the State of New York, but when you compare the Poughkeepsie District -- the seven counties -- with the State of

Connecticut, we did more work there than the whole State of Connecticut.

I would say the Long Island District would be in the same category, and possibly the Buffalo District.

That was some years ago, and Connecticut may have had a big expansion in their programme, and that might not apply at this time.

COMMITTEE CHAIRMAN ROBERTS: This might be a good place for a ten minute adjournment.

CHAIRMAN NICKERSON: Mr. Purcell has come over, and I understand he has an appointment a little later on.

COMMITTEE CHAIRMAN ROBERTS: Perhaps we could hear him now, and then recess.

MR. MAPLEDORAM: I think it would be well, while Mr. Purcell is here, to hear him.

CHAIRMAN NICKERSON: Very well. It does not matter to us, either way.

MR. PURCELL: What do you want to know? I will give you a little background, and then maybe you will ask some questions.

The gasoline tax is four cents a gallon, for motor cars, and the Diesel tax is six cents a gallon.

We have no refineries in New York State, so

the gasoline companies bring the gas into the State from the nearest refinery.

There is a monthly report which must be issued before the last day of the following month, on the basis of the tax due, based on the total sales we use.

The Diesel tax is collected differently, from the retailer and the dealer, and from the bulk users, but in each case, each of them has to be registered with us.

We have an optional bond provision in the law, and the distributors have to be registered with us.

The question of whether we require a bond depends on the financial statements submitted. We use the ratio of current assets to current liabilities, 2 to 1.

We take into consideration also, the amount of monthly tax supposed to be paid, and we multiply that amount by two, because of the audit date being a month ahead, and there is one-half month average tax due at all times.

MR. JANES: I was particularly interested in the refund of taxes collected from non-highway users.

MR. PURCELL: We have a separate provision in the law for all gasoline or Diesel fuel used in motor

vehicles other than on the highways.

MR. JANES: That includes trucks and truck equipment?

MR. PURCELL: Yes, this relates to boats, aircraft, and miscellaneous equipment. That is the way our refunds are broken down.

We have a provision in the refund section, that a claim must be filed within two years from the earliest purchase.

MR. JANES: This claim is filed within two years from the time of purchase?

MR. PURCELL: From the time of the earliest purchase.

MR. JANES: Not the time they paid for it -- it is the date they bought it?

MR. PURCELL: Yes, the earliest purchase.

That claim must be supported by invoices, daily tickets or monthly statements, and must contain the name and address of the claimant, the business in which they are engaged, and so forth. If it is farm, they must put down the number of acres, and the type of equipment, broken down into automobiles, farm machinery, or any other types. It also shows the name and address of the vendor, the type of non-taxable equipment, in which it is used, and the quantities used.

HON. MR. PORTER: Do the claimants swear to the truth of that?

MR. PURCELL: No. We took that out. We had a great many complaints, that they had to drive in and get a Notary to sign it, and it only cost a "lousy" quarter.

The Tax Commission amended our tax law, and took that out. Now we get them to send down a declaration, in the form of an affidavit.

MR. JANES: The point in which I am interested is this; we are talking about farms now. Where they have an automobile and a truck, and so on, how is that handled? Do they certify how many miles they go, or do they have to show tickets?

MR. PURCELL: With the farmers, it is always a question mark as to whether they are honest claims or not. I will be frank with you.

HON. MR. PORTER: You want to be careful.

MR. JANES: Let the lawyers keep out of this.

MR. PURCELL: If we think the farmers' claims are "pegged" up in any way, we try to test those which are honest and those which are not.

To try and overcome that situation, here is what we do. About two years ago, the farmers' claims would average about \$75.00 a month. Some of you will

say that is not high, and it is not in New York State. It goes on up, so the first refund claim which is over \$75.00 was referred to us, so in about two years, we will catch up with them.

But they all come in, and I have to ascertain where they are buying the gasoline, and nine times out of ten, I will find they have a pump on the farm.

At times, we would go to the filling station and would say, "Has so-and-so an automobile?", and the dealer will say, "Yes", and then we will ask, "Does he use his credit letter?", and we ascertain as much information as we can in that way. If the retail dealer says "No, he just stops in", we go back and say to the farmer, "How many miles do you drive?", and we take the speedometer reading of these licensed vehicles, and if he has used more gasoline than he should on his farm implements, we will disallow his claim, or we may reduce the amount of the claim, if we can verify he buys his gasoline for a private car at a nearby station.

MR. JANES: I am just finding out that your difficulty is the same as ours.

HON. MR. PORTER: My faith in the rural way of life is blasted.

COMMITTEE CHAIRMAN ROBERTS: You say you have

a four-cent State gasoline tax?

MR. COHEN: That is right.

COMMITTEE CHAIRMAN ROBERTS: Relating back to the over-all gas tax picture in New York State, do you deal with the other types of taxes, as well as the gasoline city tax?

MR. PURCELL: There is no direct city tax on gasoline in any other part of the State. There is a city sales tax, but I think it is included. There are no exemptions.

New York City has a sales tax, but the only exemption from that is beer and cigarettes, because the Legislature, when it passed the enabling Act, did not include beer, because there was a State tax on it, and they figured the whiskey drinkers could pay for it, but they got the right to impose a one-cent cigarette tax, and that is why they are not subject to the New York City sales tax.

COMMITTEE CHAIRMAN ROBERTS: I was thinking of the over-all tax picture, and the revenue the State gets for its highways from that source. You say it is four cents per gallon?

MR. PURCELL: Yes. Last year, the revenue from gasoline and Diesel fuel was \$108 million. We estimate in the Budget for the fiscal year which ends

next March 31st, it will be \$112 million. We anticipate, roughly, about a 5 percent. increase.

COMMITTEE CHAIRMAN ROBERTS: Regarded, no doubt as a good method of helping to pay for the highways?

MR. PURCELL: Yes.

COMMITTEE CHAIRMAN ROBERTS: You happen to charge a lower rate than we do. I think the revenue in Ontario is somewhat comparable -- I think it was about \$80 million.

MR. PURCELL: Then, under a provision in the Highway Law, there is a separate allocation of one-quarter to each county treasurer, on the basis of the unincorporated roads within the county, depending on the total unincorporated roads in the whole State of New York.

That is handled by the Department of Public Works, and is allocated directly back to the county treasurer.

MR. JANES: We subsidize on roads 50 percent. for municipal roads, and county, township, and urban municipalities, too. Then we subsidize bridges at 80 percent., so it is about the same thing, only in a different way.

MR. PURCELL: The law says this money shall

be used for that purpose.

MR. JANES: This is used under the direction of the municipal engineer, appointed by the Department of Highways. I take it, for performance, everybody keeps a record of things, as they go along?

MR. PURCELL: We have a separate daily consumption report, broken down by days or months, and we try to get him to maintain it up to date, and every time he pumps a little gasoline, he should mark it down. There is a place for the different types of equipment, and we try to get them to keep running records on that same paper. But it is very hard to get them to do that. I do not know whether they do not want to do it, or perhaps they think they are too busy.

COMMITTEE CHAIRMAN ROBERTS: There is a Federal tax on gasoline?

MR. PURCELL: Yes, there is.

COMMITTEE CHAIRMAN ROBERTS: What is it, per gallon?

MR. PURCELL: I am only guessing, but I think it is either one and one-half cents or two cents.

COMMITTEE CHAIRMAN ROBERTS: We appreciate very much your courtesy in coming here and giving us this information.

MR. PURCELL: I have with me, the figure for the last fiscal year. There were 44,833 claims, which represented 60,790,435 gallons, or 72.6 percent. of the total number of refund claims we received.

COMMITTEE CHAIRMAN ROBERTS: Do any in your organization get exemptions from that tax?

MR. PURCELL: Yes, there is coverage in our law for sales to Federal, State and Municipal governments, so they get the gasoline tax free. They work out an arrangement with the local retail dealer, and by filing a claim with us, they get the tax back.

You might be interested in my voluntarily offering a statement.

---Further discussion re refunds, not reported by direction of the Chairman.

---Whereupon a short recess was had.

---Upon resuming.

COMMITTEE CHAIRMAN ROBERTS: Well, gentlemen, shall we proceed? We thank you for the opportunity of having such a splendid look at the city from the top of this building.

Perhaps we could pick~~u~~p where we left off and we might be able to conclude by one o'clock.

CHAIRMAN NICKERSON: That is up to you.

COMMITTEE CHAIRMAN ROBERTS: And not have to ask you to give us any more of your time, after luncheon.

You have been good enough to present here, a

statement showing some 2,263 persons who are civil engineers throughout the main office and the districts. That was a matter we were discussing yesterday.

CHAIRMAN NICKERSON: They are not all civil engineers, but they are engaged in civil-engineering work.

COMMITTEE CHAIRMAN ROBERTS: Would this total of 2,263, represent the number of people who would be comparable to the graduates of which we were speaking yesterday, that is, graduate engineers, or engineers with some other form of certification?

HON. MR. PORTER: Does that include instrument men, and others, who are not qualified as engineers?

CHAIRMAN NICKERSON: Wait a minute. In our Department, we do not segregate them for specific duties. We list the engineering grades in the field as, "Junior 'A'", the next is "Senior 'A'", and the next is "Junior Civil". If you send out a survey party, you send out the men available right then, who might be three Junior "A's", and a Senior "A", in a four-man party, or maybe a Junior "A" is an instrument man and Senior "A" is in charge, to keep notes.

On the other hand, you might send out a five-man party, and they are all Junior Civils. It

depends on who is available.

Those fellows go out and complete the survey, and they come back and they may immediately be assigned to a contract inspection, or they may stay in the office on design work.

We have no survey group or specific design group, as such, except a few key men in the office.

MR. JANES: These 2,200 are employed on public works; what percentage of those would be engaged in highway work? If we could get that, and compare --

HON. MR. PORTER: I suppose their duties go from one to another, wherever they happen to be allotted.

MR. JANES: The highway work is a small percentage of your work?

MR. HUGHES: The highways form a large percentage, but I do not know that I could give you the percentage.

COMMITTEE CHAIRMAN ROBERTS: In the classification you gave us, you show certain groups, and you have margined "Licensed Professional Engineers", and then going down the details to number 25, I take it from that, there are 274 persons who would be definitely licensed professional engineers.

CHAIRMAN NICKERSON: Anybody in a group of senior engineers or above must be licensed.

COMMITTEE CHAIRMAN ROBERTS: Then you have another group consisting of 518, who are classified as "Associate Civil Engineers", "Designing Engineers", "Highway Planning Engineers", and "Soil Engineers". That totals 518. Those gentlemen would also be engineers, within the meaning about which we have been speaking?

CHAIRMAN NICKERSON: That is right, and many of them are licensed. Even some of the junior civil engineers are licensed.

COMMITTEE CHAIRMAN ROBERTS: And below that, comes a group of civil engineers, which totals 585, and again those would all be in the classification of "Engineers" about which we were speaking yesterday?

CHAIRMAN NICKERSON: Yes.

HON. MR. PORTER: Licensed engineers?

CHAIRMAN NICKERSON: No. Some of them are licensed, but they do not have to be. Let me explain it this way: under our Civil Service requirements -- I gave a copy of this to Mr. Roberts -- one of the qualifications for a junior civil engineer is a graduated course of at least four years, at an accredited university, with one year's experience.

The Senior Aide is a graduate, but he does not have to have the one year's additional experience.

Some of the senior "A's" or "Juniors" never went to school; they came up the hard way.

But there are other requirements beside the college requirements, and they are all in the list I handed to Mr. Roberts.

COMMITTEE CHAIRMAN ROBERTS: Then, when we come to Section 10, "Senior Draughtsmen", 86, and "Senior Engineering Aide", 496. They would each be in the senior grade class?

CHAIRMAN NICKERSON: Senior "A" are the graduates.

COMMITTEE CHAIRMAN ROBERTS: Then No. 4, "Junior Draughtsmen", 60, and "Junior Engineering Aide", 244.

CHAIRMAN NICKERSON: Many of them are college men, who have had only one year, or perhaps a little more, in college.

COMMITTEE CHAIRMAN ROBERTS: The total of all those is 2,263?

CHAIRMAN NICKERSON: Yes.

COMMITTEE CHAIRMAN ROBERTS: Would you be good enough also to give us a list of salaries, which perhaps it is not necessary to put on the record in detail, but we will have it for our files, and it may be looked over by any member of the Committee who desires.

CHAIRMAN NICKERSON: Yes, I will be glad to.

COMMITTEE CHAIRMAN ROBERTS: I see here (indicating) your Junior Engineering Aide, which would be the junior of the group, starts with a minimum of \$2,451.20, and goes up to a maximum of \$3,251.60.

These men keep moving up the list, from there?

CHAIRMAN NICKERSON: Yes.

COMMITTEE CHAIRMAN ROBERTS: I think that information will be of value from which to work later, and I do not think we need take up your time on that at the moment.

MR. GRUMMETT, Q.C.: Mr. Chairman, could these figures which are being presented, go into the record, then each one of us will have a copy, without having to go back to the Secretary?

COMMITTEE CHAIRMAN ROBERTS: I see no objection to it's being made a part of the record.

MR. COHEN: Civil Service records are public records.

COMMITTEE CHAIRMAN ROBERTS: Very well, we will put that into the record.

EXHIBIT NO.18: Total number of Civil Engineers, and salaries for engineering titles, as presented by Mr. Cohen.

---Exhibit No. 18 (First Part) entitled "Total Number of Civil Engineers throughout Main Office and Districts" is in words and figures as follows, to-wit:

TOTAL NUMBER OF CIVIL ENGINEERS THROUGHOUT MAIN OFFICE
AND DISTRICTS

<u>Grade</u>	<u>Title</u>	<u>Employees</u>
50	Deputy Chief Engineer	3
46	District Engineer	10
39	Assistant District Engineer	9
	Principal Civil Engineer	1
	Principal Civil Engineer (Design)	1
	Principal Civil Engineer (Hwy.Plan.)	3
	Principal Claims Engineer	1
	Principal Soils Engineer	1
32	Associate Civil Engineer	42
	Associate Civil Engineer (Design)	10
	Associate Civil Engineer (Hwy.Plan.)	2
	Associate General Office Engineer	1
	Associate Soils Engineer	2
25	Senior Civil Engineer	152
	Senior Civil Engineer (Design)	20
	Senior Civil Engineer (Hwy.Plan.)	5
	Senior Civil Engineer (Public Lands)	1
	Senior Claims Engineer	5
	Senior Soils Engineer	5
20	Assistant Civil Engineer	434
	Assistant Civil Engineer (Design)	61
	Assistant Civil Engineer (Hwy.Plan.)	6
	Assistant Soils Engineer	17
14	Junior Civil Engineer	563
	Junior Civil Engineer (Br.& Gr.Seps.)	3
	Junior Civil Engineer (Design)	17
	Junior Soils Engineer	2
10	Senior Draftsman	86
	Senior Engineering Aide	496
4	Junior Draftsman	60
	Junior Engineering Aide	244
TOTAL		2263

June 4, 1954.

COMMITTEE CHAIRMAN ROBERTS: You have been good enough to give us a memoranda of the Deputy Chief Engineer, and his duties, and the minimum qualifications, and the same for the District Engineer and for the Assistant District Engineer, the Principal Civil Engineer, the Associate Civil Engineer, the Senior Civil Engineer, the Assistant Civil Engineer, the Junior Civil Engineer, the Senior Draftsman, the Senior Engineering Aide, the Junior Draftsman and the Junior Engineering Aide.

CHAIRMAN NICKERSON: Yes. There is one title which has been missed, and that is the "Associate Senior Engineer", but if you take the District Engineer, you can guess pretty closely as to the Associate.

COMMITTEE CHAIRMAN ROBERTS: That could be filed, and if anyone wanted to read it over, they could do so. But I do not think it is necessary to put it in the proceedings.

Then, Mr. Nickerson, you have been good enough to give us an organization chart of the New York State Department of Public Works. Mr. Gordon has a copy of it, and I suggest perhaps he might look it over, and maybe later in our proceedings, have some comment on it. We will file this for the time being.

Then there are a few points I have noted here,

which I might just mention.

Mr. Chairman, you mentioned your long-term plan, and spoke about a \$2 billion plan over a seven-year period. I was wondering whether we might get a bird's-eye view of what you have on the record as a long-range plan scheme?

Would there be a map room, which would include all that, or is all this planning in the trial stage?

CHAIRMAN NICKERSON: The plan so far -- I think you already have a copy of this report of the Highway Finance Commission -- is the financial plan.

COMMITTEE CHAIRMAN ROBERTS: It is not reduced to actual field planning, or anything of that sort?

CHAIRMAN NICKERSON: No. The planning section has set up typical types of projects, and our planning section worked with the Highway Finance Commissioner in their studies, therefore, they set up typical types of projects, as they thought best, for instance, for so many ^{hundred}/miles of this type, and so many hundred miles of another type. But I think that is about as far as they have gone.

MR. HUGHES: Mr. Chairman, may I refer to that? If you refer to the bound book, the compilation of our entire highway system was prepared after a physical survey in 1950, which we are keeping current,

by actual reviews of the highways themselves.

There are five basic items which are studied, and from the highway survey, we can determine which highway is in the next sequence of importance. Would that answer your question about our programme, and how we determine the need for highway projects?

MR. PRINCE: I think that will show practically all the details.

CHAIRMAN NICKERSON: But it is still in report form, rather than in the map room.

COMMITTEE CHAIRMAN ROBERTS: Considering a planning scheme of that sort, how far into the future do you get?

MR. HUGHES: Not more than one year or eighteen months. In other words, we are starting in September and October on the actual jobs we will do next year.

CHAIRMAN NICKERSON: With all due respect to the M.P.'s present, I would say we have made up one-year programmes, two-year, three-year, and five-year programmes galore in the Department, but up until now, we have not been able to get bona fide appropriations on such a basis, and until they tell us how much money we can figure on per year for a certain series of years, we cannot do all the things we would like. Therefore, we have sort of lived from hand to mouth each year.

We can make up a programme in advance, of what we might think was necessary or desirable, and then we might find we were only getting one-third or one-quarter of the funds necessary.

MR. PRINCE: There is a statutory difficulty there. They can only appropriate for one year.

CHAIRMAN NICKERSON: We have made these long-range programmes. Even if we could say that we will get so many dollars per year, for a certain length of time, we could set up the priorities.

We have different kinds of funds to use, and they are not interchangeable, so it makes it quite difficult to finalize these, out of the appropriation. We have to know that first, and then get out the programme, after that.

HON. MR. PORTER: It is a \$2 billion programme altogether?

MR. PRINCE: That will be a bond issue. The sale of the bonds will provide funds, which the Legislature cannot legally do.

HON. MR. PORTER: These bonds are an issue of the State?

MR. PRINCE: The State will issue the bonds.

HON. MR. PORTER: And they are ear-marked for a certain purpose?

MR. PRINCE: Yes, for highway purposes.

MR. JAMES: If the money is not used up, you lose the balance?

MR. COHEN: There is one further step I think, where we have a plan of construction, the money can be re-appropriated, so while technically you lose it, by the enactment of the new statute, the next year we get the balance of the unused money, so we have accumulated a few extra pennies, which were left over from last year,

COMMITTEE CHAIRMAN ROBERTS: Your bond issue has statute authorization? You would not raise \$2 billion dollars.

MR. PRINCE: The State would issue the bonds.

HON. MR. PORTER: You would get as much of that money as you might require, and set it aside for your programme?

MR. PRINCE: Some of the Authorities operate entirely on bond sales. They issue bonds. Sometimes they let a contract before the bond money has come in.

But they do not try to sell bonds when they do not need the money. They try to sell them as they go along, and keep up with their own fiscal planning.

HON. MR. PORTER: In spite of that bond issue, usually you have an annual appropriation?

MR. COHEN: In addition to the bond issue?

HON. MR. PORTER: Yes. The bond issue really brings money into the coffers of the State?

MR. PRINCE: The Legislature passes a statute, which says these bonds may be issued, and the money realized used for highways. When the bonds are issued, we can start dipping into it.

HON. MR. PORTER: That does not have to come up from year to year, at all?

MR. PRINCE: No.

HON. MR. PORTER: You keep selling the bonds, as you need the money?

MR. PRINCE: Yes.

HON. MR. PORTER: So the programme could go on for ten years without going to the Legislature from year to year and having it approved?

MR. PRINCE: Yes.

MR. COHEN: We had a \$300 million issue for the elimination of railroad grade crossings. We are still working on the balance of that money.

COMMITTEE CHAIRMAN ROBERTS: Then coming to some idea of the highway cost per mile; you were good enough to give us a Schedule called "Traffic Capacity Co-related with Highway Standards", and it is divided into "Urban and Rural Divisions", and it deals with highways, and starts with "Expressways", and comes down

to types of highways which are two-way paved, macadam roads, just capable of having cars pass each other, and two-way traffic.

I was going to ask as to what might be the minimum of the type of rural roads, the State builds -- I think it is Items 9 and 10 -- and I think this might give us some useful information.

It says, "To provide the minimum, with one passing opportunity per mile". It is probably the macadam type of road.

And it goes on with a great deal of detail, and gives the approximate cost per mile and you have in the figure, "Including engineering; R.O.W. structures not included".

But apart from the structures, you get the actual cost of \$45,000 to \$115,000 per mile.

CHAIRMAN NICKERSON: Yes.

COMMITTEE CHAIRMAN ROBERTS: I do not know what the "75 percent." is there? Is that the average?

CHAIRMAN NICKERSON: It could be. I have not studied this sheet myself. This (indicating) is a forecast of traffic. There (indicating) are 100 vehicles, and over here (indicating) are 25 or less. So you have these two operations.

Of course, these figures can be misleading

as the deuce, because they depend on the topography which is encountered.

COMMITTEE CHAIRMAN ROBERTS: I do not see roads where you get less than \$45,000 per mile, and when you get to the limited-access expressways, and accelerating lanes, you get up to about \$100,000 a mile.

CHAIRMAN NICKERSON: This is the first time I ever saw this (indicating) -- that was yesterday. This was set up in the Bureau of Highway Planning.

MR. COLLINGS: Could we take a particular contract, and let the gentlemen tell us who built the highway, who designated it, and its cost at so much per mile?

Could it be taken, for instance, out of the last letting?

CHAIRMAN NICKERSON: This (indicating) is a magazine put out by the Association of General Contractors, entitled "Low Bidder".

For instance, here (indicating) is a job in Monroe County; the engineer's estimate was \$7,221,000; the contractor's bid was \$4,535,000. That was for 10.38 miles, 9-inch concrete pavement, for about seven and three-quarter miles, and 2½-inch asphalt -- concrete optional -- 1.07 miles, a dual type, and so on.

We would have to get the plans to find out

what the cross-sections called for. That particular job was running on a bid price, roughly, of \$500,000 per mile. That included all structures, but not the right-of-way. That is probably a particularly complicated job.

MR. PRINCE: That was an ordinary two-lane highway.

CHAIRMAN NICKERSON: It has varying widths and types of construction.

Here (indicating) is what the Association of General Contractors got out for the information of their members. They let them know which jobs are coming up for advertising, and they give the details.

After the bids are made public, they issue that (indicating) showing the results of the bidding.

Perhaps we can pick a more simple job out of here, which is more nearly typical. They put some of the most complicated ones in here (indicating).

Well, here is a \$176,000 job. These are thruways, or special jobs.

Here (indicating) is one, 3.94 miles, 24-foot pavement, concrete, 9 inches thick. The roadway varied from 42 to 47 feet, and the low bid was \$601,000 for approximately four miles. That would be around \$155,000 per mile.

COMMITTEE CHAIRMAN ROBERTS: To get the

range on that, would you have anything on record as to the type of roads you would build in the Adirondacks, what you would build in the northern part of your State?

CHAIRMAN NICKERSON: We can get that for you, Mr. Roberts.

COMMITTEE CHAIRMAN ROBERTS: I think if we could get that information, it would be useful information, in regard to the two-lane highways in that part of the State.

All your roads are paved?

CHAIRMAN NICKERSON: Yes.

MR. LAFLEUR: Suppose we pick out three or four representative jobs in that part of the State, and send them to Mr. Roberts?

CHAIRMAN NICKERSON: I think we could assemble the information and mail it.

When you speak of the Adirondacks; we are building the same type of roads there as at any other place. It depends on traffic needs. If they need a four-lane highway there, we would build it.

COMMITTEE CHAIRMAN ROBERTS: Mr. Elson, what is the most comparable data on roads, which we would hope to get in New York State?

MR. ELSON: A four-lane highway, across normal terrain, such as farm land and undulating country, a highway through country in which there is a coniferous type of earth and rock, and that type of thing.

In some of our areas we run into muskeg swamps.

CHAIRMAN NICKERSON: We do not have muskeg; we have some swampy land.

MR. ELSON: If we get the comparison between areas similar to our southern areas, that you have here. From looking your country over, it appears that they have clay and sand excavation, and ground of that description. That would be a good comparison.

CHAIRMAN NICKERSON: When you were talking about four-lane highways, do you mean four lanes divided?

MR. ELSON: Or two. The two-lane means that traffic can only go in one direction on one side, and the opposite direction on the other side. In the four-lane highways, the traffic has two lanes on each side, with a boulevard between.

CHAIRMAN NICKERSON: We can get you a set of figures for that.

MR. ELSON: In certain areas of our North Country, we include rock and earth grubbing, and the clearing of trees. We do not have too much muskeg. You would have country comparable to that?

CHAIRMAN NICKERSON: Yes.

MR. PRINCE: I think it would be a good idea to give the labour rate for that particular job.

HON. MR. PORTER: Yes, that is very important.

CHAIRMAN NICKERSON: I think it would be simple, if we went back to some of these contracts. Suppose we do that, and give you the plans and tell you what it costs, then you would have the standard, as far as widths and type of pavement, the nature of the shoulders, and whether or not there were bridges, and you could then make a much better comparison. I think you would find it more comparable, if we would tell you the general type of terrain we go through.

MR. ELSON: That would be fine.

CHAIRMAN NICKERSON: Perhaps you would not want a full set of plans; you would want the part of the plans which shows a typical area. You do not care about sheet after sheet of grades, and so forth.

MR. ELSON: No. I would appreciate the different types of terrain.

CHAIRMAN NICKERSON: Our working plans are 50 feet horizontal and 10 feet vertical. Then, we generally get out a 500 scale plan, and that would show you the type of terrain, whether it is rolling or flat, or what have you.

The typical section would show you what we are building, for width, and in relation to the pavement.

MR. ELSON: That would show the design of your roads?

CHAIRMAN NICKERSON: Yes. Supposing they were two years old, and we told you this contract cost so-much and, if the cost is stepped up one percent., or two percent., or three percent., or whatever it is, you can still pro-rate your costs against it.

MR. HUGHES: The first sheet Mr. Nickerson read off was the blueprint. We know what we are getting before we start.

CHAIRMAN NICKERSON: These are all based on surveys.

Up in here (indicating) is the amount of standard structure jobs, which are standard construction for catch basins, drop basins, and manholes. We have them standard, instead of making new designs for each one.

COMMITTEE CHAIRMAN ROBERTS: Perhaps Mr. Walter and Mr. Elson would take a look at that, and see to what extent it would be of value.

MR. ELSON: Yes.

MR. MacTAVISH, Q.C.: Mr. Roberts, there was a report mentioned by Mr. Cohen a moment ago. I would like it repeated, so we could have it on the record.

MR. COHEN: It is the Annual Report of the

Superintendent, for the year 1946.

On page 30, there is an article entitled "Highway Builders", which emphasizes in great detail what Mr. Nickerson told us this morning, about pre-engineering.

It is the finest story I have ever read on that entire subject. I recommend it to you as good reading material.

MR. LaFLEUR: I gave a copy of that to Mr. Roberts, and I also gave him a copy of the Highway Law.

MR. COHEN: I do want to impress upon you that you read it; it is very good.

COMMITTEE CHAIRMAN ROBERTS: This pretty well concludes the notes I have here for review.

As mentioned earlier, our consultant firm has made a number of recommendations, and you have already in your descriptions, provided answers to a number of questions touching on quite a few of these recommendations.

If we might glance at some of them, we might ask you some further questions, and ascertain if you have any comments to make on them.

MR. COLLINGS: Before we get on that, would it be possible between now and the end of the month, to get

some information with respect to the administrative costs -- the budget -- for the Department of Highways?

COMMITTEE CHAIRMAN ROBERTS: I think we have some material which covers that. There is one statement there (indicating) which covers part of it at least.

MR. COHEN: You will have to sit down and read it to fully comprehend it.

CHAIRMAN NICKERSON: Even the District Engineers can read it.

MR. COLLINGS: What would be the budget for your whole department?

CHAIRMAN NICKERSON: We can get that for you.

MR. COHEN: There is a little difficulty there. Our Administrative Division is in the process of a survey by the Business Management Unit of the Budget. This has not as yet been completed, so they gave us a lump-sum for the Empire Administrative Division, and later on they allocatted a sum of money for each job. That is not available in our office.

MR. COLLINGS: In 1953, what did it cost to operate your department?

MR. COHEN: There are statistics and more statistics in this book (indicating) which I will file. There is reference to each division, but there are so

many pages and so many statistics that we should really pin-point it a little better than we have, for you.

This book here (indicating) will give you the complete story of every type of construction in which the department is engaged, and give you the costs of the individual projects, as well as the entire program.

I could give you a figure, but it would sound fantastic, and I would rather not do it, because we have so many items in the break-down.

They are intended to be discussed at the end of the year, that is, how the Superintendent spends the money allocatted to his projects.

CHAIRMAN NICKERSON: That is broken down for the whole Department of Public Works, but it separates highways from canals, and other sections.

MR. JANES: The money voted for your Department of Highways, and the money spent would not have any connection? These bond issues are coming in under your expenditures? Is that true?

MR. COHEN: That is not true, yet. The first Legislature votes it, and the second Legislature must approve it, before it goes to a referendum. Our experience has been that people usually vote to spend money. When we save money, it will provide funds which will be available for these engineers to use.

MR. PRINCE: That will not be available until 1956.

MR. LaFLEUR: I think it is around \$204 million a year.

MR. COHEN: That is the figure put on at the end, from statistics supplied from the Bureau of Contracts and Accounts.

COMMITTEE CHAIRMAN ROBERTS: Then a certain amount of it goes to various municipalities, towns and villages?

MR. LaFLEUR: No, highway building, canal maintenance, and public works.

MR. PRINCE: The money is spent directly.

MR. COHEN: That is our own money.

COMMITTEE CHAIRMAN ROBERTS: That \$204 million would be exclusively for New York State Highways?

MR. PRINCE: Not necessarily highways. For State functions imposed on the Department of Public Works.

COMMITTEE CHAIRMAN ROBERTS: It would include your buildings as well?

MR. PRINCE: Include the canals.

COMMITTEE CHAIRMAN ROBERTS: So a break-down does not help very much.

MR. COHEN: The Commissioner get an appropriation

each year, that is, our Commissioner of Correction. We show we have done so many million dollars worth of work for the Department of Correction.

That is where my difficulty comes in, in trying to pin-point these answers. The way the book is set up, you will not have any difficulty in finding it. If you will just read it, I am sure you will find the information you require.

MR. COLLINGS: Your department spent \$204 million?

MR. COHEN: Yes, and, as you can understand, beyond that we spent for personnel payroll and traveling expenses.

MR. COLLINGS: What would be the budget of the State Legislature?

MR. COHEN: \$1 billion \$200 million.

MR. COLLINGS: I think our budget was \$354 million.

MR. COHEN: I can still remember a \$300-million-budget in the State of New York. When it first came out, it carried headlines three inches across.

MR. PRINCE: That budget is a little misleading. The way it operates is, the State taxes the individuals, and returns a large part of it to the municipalities.

HON. MR. PORTER: We do, too. About one-

half of it.

MR. COHEN: Fifty-five percent., goes back to the municipalities.

HON. MR. PORTER: We do that. About fifty percent.

MR. PRINCE: So a two-billion-dollar-budget, when reduced by the amount of municipal funds, would be able one-half as large.

COMMITTEE CHAIRMAN ROBERTS: Chairman Nickerson has just referred me to Volume 54, the Annual Report of the Superintendent for the year 1952, and on page 9 there is a heading, "Equal Division of Construction of Highways", which goes to show the mileage for the year, the contracts accepted, the contracts executed, and the contracts in force, and so forth. It could be very useful to refer to it at a later date.

CHAIRMAN NICKERSON: There is a much broader break-down on the other sheet.

MR. LaFLEUR: You will find more or less of a summary for the Architects' Office. We have suspended about \$110 million in front of us all the time.

MR. PRINCE: Perhaps we can clear that up for you.

COMMITTEE CHAIRMAN ROBERTS: On that point, I will have exhausted my notes, and will perhaps bring

us somewhere near the end.

In these recommendations contained in the Woods-Gordon report, item number 5 reads:

"Contractors should be required to adhere strictly to the terms of their contracts including the completion dates. They should be required to agree with the estimates of quantities moved at the time payments are made to them."

There are two items there, that everyone should keep to the completion dates, and agree with the estimates of quantities moved at the time payments are made to them.

May we have your comments on that?

CHAIRMAN NICKERSON: If I understand the second part, "agreeing with the estimates of quantities moved", that means one thing. Here, you are talking about monthly estimates. If you were talking about the final estimate, that is something else.

The contractors at the time of the monthly estimates have some idea of what they will have done in dollars during that period. But, we do not go to them and ask them if they agree. At times, we may hold up payments for one reason or another. Maybe we are not completely satisfied, and want to take a survey test, so we hold up part of the estimate for a month or so.

Once in a while, in a case of that nature, the contractor may "squawk", but he has generally been warned ahead of time that he will not get paid for it.

If you are speaking about final estimates, yes, he does agree with them.

MR. GORDON: We were talking about both. Our problem is that in Ontario, the contractors have not been required to acknowledge in any way that they have completed the work before they get a progress payment. Consequently, if there has been anything wrong, the contractor says, "You gave me money, I do not 'get it'."

We suggest there should be some acknowledgment sent to the district, and something which seems to be a fair and reasonable progress payment, to give the Province the protection it has not now.

CHAIRMAN NICKERSON: I do not think that applies equally in this State.

First, a contractor will take all the money you give him on this month's estimate. He may think he is entitled to more, but he does not think he has been over-paid.

(Page 889 follows)

Our estimates are based on measurements, so we only have one item which is not controlled definitely at the time of the monthly estimate, and that is, excavations.

We break down our excavation quantities. On our plans, they are generally 2,000 feet long, and we estimate the quantities of cuts and fill in this plan. One might have planned a section of sand, or it might be something else entirely. These figures of material may be moved back and forth, to accomplish the work. Having these quantities based on the preliminary estimate, the engineer in charge does not go out and measure for monthly estimates, but he says, "Between Station 10 and Station 20", or "Station 10" and "Station 30" is 5 percent. or 30 percent. or 70 percent., and then he puts into the estimate, the neat quantity estimated, less that percentage. Then, in the future, he catches up.

The contractor may say, "You show 50 percent.; I claim that as 60 percent.," but unless there are large quantities, the engineer's estimate stands. He may catch up at the very next estimate.

Besides, there are so many acres of clearing or grubbing, and the engineer figures he has done 10 percent. for the first estimate, and maybe 60 percent. for the second estimate.

MR. COLLINGS: What about the time factor?

COMMITTEE CHAIRMAN ROBERTS: This depends strictly on the contract, with respect to the completion dates.

CHAIRMAN NICKERSON: We have that experience here.

COMMITTEE CHAIRMAN ROBERTS: Is it your experience that jobs are completed on time?

CHAIRMAN NICKERSON: Some are completed ahead of time, and some of them are a little late.

MR. GORDON: What about penalties?

CHAIRMAN NICKERSON: Mr. Cohen should answer that. We have one form of penalty where we might charge the contractor for the engineering costs beyond the contract's completion date.

MR. JANES: There would be many problems entering into that. If the contractor was held up for material, that would have to be considered.

CHAIRMAN NICKERSON: Yes, but that is his own look-out. If he is dilatory, and the work is supposed to be finished on the 1st of November, but due to the dilatory tactics, or not using enough equipment, the work extends over into the following year, then he may lose the winter season, because of weather conditions, and we might charge him for the engineering.

MR. JANES: We had an experience like that in Ontario. It was found they could not get cement at all. It was all going to the Hydro. At other times, they could not build a black-top road, and had to wait for the material.

MR. PRINCE: We give extensions in a case of that kind.

CHAIRMAN NICKERSON: Maybe we have a little closer check. For instance, now we know that tar is scarce, and we do not estimate tar. If we think there is a scarcity in material of any type, we check with the industry to find out what the chances are of getting those materials.

MR. JANES: I do not think you ever had this cement problem.

MR. PRINCE: We have a strike on in the cement industry at the present time. The contractors are sitting still on the Spillway in the Hudson Valley.

CHAIRMAN NICKERSON: This is from the specifications of 1951 (indicating).

---The Chairman reads Section 47 of the 1951 Specifications

MR. PRINCE: That had a penalty clause in the contract.

We have found that if they think they cannot finish in time, they will "up" their bids a little

higher, because it is non-performance in some cases, and in others, it is liquidated damages.

CHAIRMAN NICKERSON: In some cases, they say you cannot collect a penalty, if you do not provide a bonus.

MR. COHEN: There is a provision for the extension of time -- not being in the construction business, I think I have a right to say that the Department has been very liberal and generous where the conditions required it.

We had a few cases where the contractor was dilatory, and did not seem to show enough life on the job, where the Department claimed, and deducted from his final payment, the engineering costs for the excess period, during which our people had to be on the job for inspection purposes.

The lawyers will understand me when I say we do not collect penalties, because in this State, the courts do not like that word, and if we can show "liquidated damages" we can do better.

I think that the engineering costs which the Department incurs by reason of the tactics of a contractor, is a legitimate charge against the contractor.

COMMITTEE CHAIRMAN ROBERTS: You do not charge

anything against the job, while the job is in progress?

MR. COHEN: We have not done anything like that, but in the Court of Claims, where we were sued for the money for this extra work, we have not been too successful. I think in the past twenty years, we have won one case.

COMMITTEE CHAIRMAN ROBERTS: Have you a provision in your contracts, which entitles you to do that?

MR. COHEN: Yes.

CHAIRMAN NICKERSON: In the proposal, there are several sheets called "Information for Bidders", and on page 4 here (indicating), you will see, "The Superintendent may charge the contractor for engineering costs due to delays".

COMMITTEE CHAIRMAN ROBERTS: Perhaps that indicates there are real difficulties in carrying out these things right to the letter, in every case.

MR. PRINCE: The real method of enforcement is the cancellation of the contract. If a contractor lies down on the job, his surety company would see that he does the work, but after the cancellation of a contract, the surety company "gives him the needle", and he does much better work.

We have a penalty clause of \$50. a day, but

it is very seldom enforced, because the courts will not "go along with it".

COMMITTEE CHAIRMAN ROBERTS: Then, taking Item No. 6; I think perhaps you have already given us some indications. You have told us how careful you are before allowing additional work, so I think really that answers No. 6 of the recommendations, which reads:

"In future, the amounts of any adjustments with contractors which the Department may find it necessary to recommend, should be reviewed by the recently announced committee on construction and planning, before submission to the Provincial Treasurer for payment."

Now, No. 7 reads:

"Procedures should be developed for fixing the maximum subsidy which will be paid to any municipality in any year towards the construction and maintenance of roads. This should take into account the population, property assessment, miles of road presently in use, extent and nature of geographical area, the percentage of its own budget which the municipality has earmarked for road work, etc."

Have you anything comparable to that? Do you have subsidies at all?

MR. COHEN: We have subsidies in our urban programme.

In 1946, was the first time the State of New York went into the business of controlling State highways in municipalities.

COMMITTEE CHAIRMAN ROBERTS: I think that is part of it.

MR. COHEN: The law provides the State shall pay the full cost of construction, and if rights-of-way were necessary, the municipalities would share to the extent of 50 percent. of the legal costs.

The maintenance of that particular part of the highway is an obligation on the State, the State of New York maintains it, either with its own force, or by agreement with the different municipalities. We pay the municipalities 5 cents per square yard of grading, and 10 cents, if it is steel or a bridge.

MR. PRINCE: I think Mr. Roberts was referring to State aid, generally. The Department cannot step in, and establish it for any particular point. The Legislature says the towns will get so much State aid, depending upon the formula.

CHAIRMAN NICKERSON: That does not apply to

incorporated municipalities, like villages or cities.

MR. PRINCE: They give the villages a per capita grant, which they can use for any purpose.

MR. MAPLEDORAM: An unconditional grant?

MR. JANES: That is similar to our set-up.

COMMITTEE CHAIRMAN ROBERTS: There is no object in pursuing that further, I do not think.

MR. PRINCE: When a county gets the State aid, they have to come to us, that is, if they want to put a county road in, and use that money, they have to come to us and show their plans. If we disapprove of them, they cannot use the State-aid money.

HON. MR. PORTER: It seems the system is completely different from ours.

MR. JANES: We have a highway engineer who lives in the district, and he deals with the counties; he goes over the highway work, and approves it, or disapproves it. What he approves, is paid for.

HON. MR. PORTER: It is all "loaded" in favour of the rural areas.

MR. JANES: As it should be.

COMMITTEE CHAIRMAN ROBERTS: We were talking about the gas tax. I think you handle that in a separate Department?

MR. COHEN: Mr. Purcell is from another

Department.

COMMITTEE CHAIRMAN ROBERTS: It is dealt with separately?

MR. COHEN: That is right.

COMMITTEE CHAIRMAN ROBERTS: Now, Item No. 11 of the Report reads:

"An adequate personnel organization should be set up and appropriate recruiting and training procedures developed."

How would you build up your personnel?

HON. MR. PORTER: The only answer is to supply some more men.

CHAIRMAN NICKERSON: Keep your standards of qualifications high, and pay accordingly, and you probably will not have too much difficulty.

We are in the same difficulty right now. I was out on a recruiting campaign a couple of months ago, and I found the graduating class of a certain college had at least four offers for students. The average offer was about \$75.00 per month more than I was authorized to offer. I did not get any recruits.

I spoke with a number of chaps who were interested, and who would like to come with the Department on a career basis, but being just out of school, they were interested in the "quick dollar", and they

took other offers.

COMMITTEE CHAIRMAN ROBERTS: That is apparently a general problem.

CHAIRMAN NICKERSON: But you cannot lower the quality of the work, and say we will pay so much, but lower our standard. You have to have trained men, or the work will suffer.

COMMITTEE CHAIRMAN ROBERTS: You do have a school in the Department for training?

CHAIRMAN NICKERSON: Yes, of various kinds, in co-operation with the extension courses of the universities. We may run a school on structure designing in the evenings, in which the members can participate, sometimes at some expense to them, but, otherwise, they may not.

In the various districts, it has been tried. It was a particularly tough examination, to get some of the fellows who were best qualified, and we ran review courses for them.

And we had quite a comprehensive scheme set up for in-service training, but everybody has been so doggone busy and we have been so short-handed, it has not been very thoroughly observed. The idea behind it was excellent.

COMMITTEE CHAIRMAN ROBERTS: Another recommendation is No. 12, which reads:

"The number of casual employees on the Department's staff should be reduced considerably and the number of permanent civil servants increased proportionately."

I think you told us you had a great preponderance of civil servants right through your whole set-up.

CHAIRMAN NICKERSON: All of our classified grades are definitely Civil Servants, even our clerks, stenographers and typists.

COMMITTEE CHAIRMAN ROBERTS: On the question of organization; unless Mr. Gordon has some questions, there is no point in going into that.

MR. GORDON: I think the two departments are too different, to discuss details of the organization.

(Page 900 follows)

MR. COLLINGS: I think you are right on that.

COMMITTEE CHAIRMAN ROBERTS: I think perhaps hon. Mr. Porter might add that this is an extra commission.

MR. BECKETT, Q.C.: In connection with the New York Thruway; does that come under your Department, or is it a separate Authority?

CHAIRMAN NICKERSON: It is an entirely separate Authority, for which the Department of Public Works is a "guinea pig", as far as getting out the plans and supervising the construction.

Once it is finished, it is turned back to the Thruway Authority for operation and maintenance, and we will be relieved from any further responsibility.

MR. JANES: When a highway is paid for, to whom does it belong?

CHAIRMAN NICKERSON: I do not know as there is anything in the law which says it shall be operated as a through expressway.

MR. PRINCE: When it is paid for, we have what we call an "authority", which really is a government agency, but these are considered separately, and as separate corporations. They may even issue bonds. They operate under the name of the people of the State

of New York.

We supervise, prepare plans and profiles, and then turn it over to the Authority, and they start operating it. They collect the tolls, and are required to pay for their bonds, and when the bonds are paid for, it becomes a through State Highway.

MR. BECKETT, Q.C.: Does the Authority let the contracts for the work?

MR. PRINCE: Theoretically, they do, but actually, Mr. Cohen lets all those contracts. There is a veil between them, but it is for the purpose that no longer is the State of New York liable on the bonds.

HON. MR. PORTER: It is just a legal veil?

MR. PRINCE: Yes.

MR. JANES: I do not get you there. The State guarantees those bonds?

HON. MR. PORTER: Just like the Hydro bonds. The Hydro Commission is appointed by the Government, but it operates as a separate entity. Legally, it is a different body.

MR. PRINCE: Originally, the Two-Way Authority had its separate legal entity, and it could issue its own bonds, and operate on the basis of a separate corporation, and not have to go to the Legislature.

But they found the bonds had a lower interest

rate if the State guaranteed them, so the State guaranteed a portion of them, some \$500 million. Originally it was a \$1 million bond issue, but half of them were not guaranteed, and to get them sold they had to pledge certain securities.

MR. BECKETT, Q.C.: If they want more money, they sell more bonds?

MR. JANES: That highway eventually becomes the property of the State?

MR. PRINCE: Theoretically, it is the property of the State all the way through. When the bonds are paid off, the State takes over.

MR. JANES: You do not need a lawyer to say whether these State bodies shall charge up what they paid for the highways.

MR. PRINCE: We have not foreclosed on our highways yet.

HON. MR. PORTER. I suppose there have been cases where they could not pay off their bonds?

MR. PRINCE: That has happened with a Bridge Authority, and it had to come to the Legislature. That was one case up in Saratoga, and it came to the Legislature and they recognized that, as a member of the State Government, they could not let it go under, so they brought up the appropriation to make up the difference.

MR. BECKETT, Q.C.: For instance, the Hendrick Hudson Parkway; is that under your jurisdiction?

CHAIRMAN NICKERSON: That is in the City of New York.

MR. COHEN: Perhaps it is another parkway, of which you are thinking.

MR. PRINCE: We operate under the same provisions, which are comparable to the Thruway Authority. It is an independent agency, and we design their parkway and build it, and, thereafter, they maintain it.

CHAIRMAN NICKERSON: The Conservation Department has a subdivision, called "The State Council of Parks", and these groups build the parkways on paper.

The Department of Public Works makes the survey, and gets out the specifications, and then hands them back.

But the appropriation for such purpose generally is made by the Conservation Department, and is not a highway question.

It is the same way with the other Departments, Mental Hygiene, and Correction. That is where we erect buildings, and install all the installations; it is their money, which they get by appropriation, but

instead of having a separate engineering organization in each one of these Departments, the Department of Public Works takes care of all the engineering.

MR. WALTER: What time is allowed for an advertising period?

MR. COHEN: Under the Law, it is not less than two consecutive weeks. We try to advertise highways for three weeks, in other words, three insertions, but not less than for two weeks.

Some years ago, the Attorney-General said that "two weeks" meant not less than 14 days, and we could open on the fifteenth day.

We try to give the contractors a long advertising period, but it takes longer to get the plans. But, specifically, it is not less than two consecutive weeks.

HON. MR. PORTER: Mr. Nickerson, I would like to say on behalf of the Committee how much we appreciate your kindness in arranging for this meeting. I also would like to express the same views on behalf of the Government of Ontario.

We are neighbouring states, and this visit is just another ^{example} of the many courtesies which have been extended to us, and our people, when we come to this country.

One of the results, perhaps, of the good-neighbour policy are the benefits we have obtained in so many ways, in the past, and at the present time.

You have spent a great deal of time with us. The information you have given us has been inexhaustible, and in all respects of very great interest, and has come very close to the problems with which this Committee is confronted.

We wish to thank you very much indeed. We cannot say too much for your very kind treatment, and for the great abilities you have accumulated here, and placed at our disposal, nor can we say too much for all that you have done for us on this occasion.

CHAIRMAN NICKERSON: Thank you, Mr. Porter.

MR. GRUMMETT, Q.C.: Mr. Nickerson, and other members of the Department; I wish to join with hon. Mr. Porter in extending to you our very great thanks.

I have always been amazed when going to different parts of the United States, at the time the officials will take.

(Page 906 follows)

Our Chairman, Mr. Roberts, will recall that he and I were on another Select Committee of the Legislature a couple of years ago, in regard to revisions to our Corporations Act, and we visited several States, and received the same willing assistance, as you have extended to us here. It is amazing how your men, who are so busy, and who have their own work to do, can find time to sit down and answer questions by strangers who come to you with their problems. I think it means a great deal to our country. We are very similar. When you come into our province, or we comes into yours, it is very difficult to distinguish the difference between us. We may belong to a different Nation, but we are one people, and I think it speaks well for our country that we can come here and receive from you, information so willingly given, such as you have given us yesterday and today.

I am sure I speak for the other members of the Committee. There are nine at the meeting, and I happen to be the only dissenter. The other eight members are all "Tories", and I am the only opposition member here today. There are two other opposition members on the Committee, but unfortunately they could not get away to come down here. They are both Liberals. I am a little to the left of the Liberals

I am a Socialist, one of the four Parties in our Legislature.

While I am a dissenter as far as our politics are concerned, I assure you, Mr. Nickerson, that I find these "Tories" darned good fellows to go around with. (Laughter).

Again I wish to say I join with hon. Mr. Porter in extending to you, and the other officials, our very great thanks for what you have done for us.

CHAIRMAN NICKERSON: I sincerely thank you for your kind words. May I say it has been a pleasure to all of us to welcome you here, and to exchange views. I think perhaps we have learned just as much about our own Department from you, as you gentlemen have, perhaps, from us. We have reviewed some of these things which possibly have been more or less at times overlooked. I know it has been extremely helpful to me, and I certainly appreciate your coming down, and we appreciate your feeling that we might be able to help. We consider that as a compliment.

I will say we are very definitely conscious of the fact that we have fifteen million bosses, and every one of them has friends or relatives across the line, so it would be a boomerang to us, if we did not go "all out" and do everything we could to try and

make your stay pleasant, and possibly, instructive.

We will be happy to have you come down again, and if, after your return, there are any questions which arise, about which you would like to ask us, we will be very glad to hear from you and will try to answer promptly. (Applause).

COMMITTEE CHAIRMAN ROBERTS: I hope you will all accompany us to luncheon at the Wellington Hotel, after the adjournment.

CHAIRMAN NICKERSON: Thank you. There being nothing further, I presume the only thing to do is to adjourn the meeting, and it is, therefore, adjourned.

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---Whereupon, at 12:58 o'clock, p.m., the further proceedings of this Committee adjourned sine die.

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P R O C E E D I N G S

of the Select Committee of the Ontario Legislature appointed to enquire into matters concerning certain Divisions of the Department of Highways.

MR. A. KELSO ROBERTS, Q.C., CHAIRMAN

PRESIDING.

MR. V. J. JOHNSON, SECRETARY.



VOLUMES VII - X inclusive



VOLUME VII	- ENROUTE, TORONTO - SUDBURY. -	WEDNESDAY, JUNE 9, 1954.
VOLUME VIII	- ENROUTE, SUDBURY - SAULT STE MARIE, -	THURSDAY, JUNE 10, 1954.
VOLUME IX	- AT SAULT STE MARIE. -	FRIDAY, JUNE 11, 1954.
VOLUME X	- TORONTO, ONTARIO. -	TUESDAY, JUNE 15, 1954.



R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

S E V E N T H D A Y

The further proceedings of this Committee reconvened pursuant to adjournment.

PRESENT:

Mr. A. Kelso Roberts, Q.C., Chairman,
Presiding.

Messrs. Dent,

Janes,

Collings,

Mapledoram,

Mr. V. J. Johnson, Secretary.

APPEARANCES:

Mr. Duncan Gordon,

Mr. H. Tregaskes

Mr. F.C.W. Flegg

Mr. Harold Broom

Mr. W. S. Cole

Mr. G. H. Lowry

- - - - -

---And the following proceedings were had while the Committee was enroute from Toronto to Sudbury, on Wednesday, June 9th, 1954.

THE CHAIRMAN: Inasmuch as it was decided by the Committee that, as this trip was simply for

inspection purposes, it was not necessary to require a verbatim report of any proceedings which might be had, and I ask our Secretary, Mr. Johnson, to prepare a summary of the occurrences on these trips.

I will now ask Mr. Johnson to read what he has prepared, and if it is found in order, the minutes may be signed.

MR. JOHNSON (Secretary): This is a summary of the occurrences during the trip from Toronto to Sudbury on Wednesday, June 9th, 1954.

The Select Committee assembled at the Royal York Hotel, leaving at 8:35 a.m. by bus for an inspection tour of Northern Ontario. The party travelled via University Avenue, Avenue Road, Highway 401 and north on Highway 400, passing through Orillia at 10:26 a.m.

At this point, Mr. Gordon distributed an Example of Pre-qualification which was filed and marked as Exhibit No. 21.

EXHIBIT NO. 21: Same of Pre-
Qualification, as presented
by Mr. Gordon.

After perusal of the document by members of the Committee, Mr. Gordon gave an explanation of the purpose and method of pre-qualification as set out in the example. He went on to say that this formula

was one followed by the State Highway Department of Michigan and that the figures were taken from an actual case in that State.

A prolonged discussion ensued with Mr. Janes expressing concern that in his opinion such a formula would not protect the small contractor who would have to rely on sub-contracts with the large contractors taking their "pound of flesh" on every contract.

Mr. Gordon pointed out that the document was prepared only as an example of how the State Highway Department of Michigan pre-determined the qualification of contractors in their State and that standards in Ontario would be a matter of policy in which a completely different view of pre-determining the responsibility of contractors might be adopted.

It was pointed out by Mr. Janes that in Michigan the letter of credit, as shown in the example, could not exceed the net liquid assets and would protect the large contractor. He said he felt that if a contractor had been awarded a contract, a bonding company would be more generous in considering the issue of a bond and if a small contractor could get credit for a substantial amount he should be credited for the full amount even if it exceeded his net liquid assets.

Mr. Roberts then requested that the Committee form no definite conclusions at this time and that they keep an open mind until all interviews and submitted briefs regarding this matter had been heard and received.

At 11:50 a.m. the Committee arrived at Bala, a distance from Toronto of 125 miles, where they recessed for a short time.

As the Committee continued north, Mr. Tregaskes pointed out various works being done on the Trans-Canada Highway around Foote's Bay, and showed the members cuttings through virgin country where the highway would eventually be.

A question was asked as to how many engineers were expected to join the Department of Highways' staff this year. Mr. Flegg stated that sixty had been taken on with a possible forty more to be employed. Of the possible forty, he explained, thirty were expected through Ontario House in England. The Department had lost engineers during the past few years and more were expected to leave once the Seaway program got under way.

The Committee arrived in Parry Sound, a distance of 165 miles from Toronto, at 12:50 p.m., and enjoyed a pleasant luncheon at the Belvedere Hotel.

Mr. W. S. Cole, Division Engineer for Sudbury, joined the group here and remained with them on the bus during the time they were in his Division. After luncheon, the Committee continued north on Highway 69.

At Britt, an inspection was made of a bridge under construction by the Looby and Looby Construction Company. This bridge was of interest in that it was described as a "five-in-one bridge" -- consisting of two approaches and three spans to cross the C.P.R. line, the Still River and old Highway 69 which will be maintained as an access to Britt. Mr. Marriott, Superintendent of the job, explained the dimensions of the bridge as being 49 feet wide with crubs of $2\frac{1}{2}$ feet on each side, thus leaving a 44-foot roadway to meet Trans-Canada Highway standards. It was further stated that traffic would be able to use this bridge in three weeks and it will be open to general traffic in six weeks time.

The Committee then proceeded north passing through a six-mile stretch of muskeg between Britt and Ludgate. Clearings were noted where work had been done to provide a 100-foot right-of-way for the Trans-Canada Highway through to the Key River. This is a Pitts Contract. Mr. Tresgaskes explained this would be a bituminous road mix-mulch highway with

fresh gravel base and medium asphalt surface three inches deep across the road-width allowing a two-lane highway meeting Trans-Canada standards. The cost of the highway through this terrain was stated to average \$140,000 a mile.

As the Committee reached a point just north of the Pickerel River, a stop was made to inspect a "fill" portion on Highway 69 -- a project that had been undertaken by the Bergman Construction Company. Mr. Cole stated that a great deal of "rock borrow" had been used to complete this project. It was noticed, while passing through this section, a distance of 5.3 miles, that instrument men were at work. It was stated that re-measuring and re-checking work was being done.

At the French River, the Committee was introduced to Mr. Earl Beaudro, Assistant Engineer at Sudbury. In his car, he acted as lead over secondary roads to Hagar on Highway 17. This was done because of the heavy construction on Highway 69 between the French River and Sudbury. The final phase of the trip to Sudbury was over Highway 17.

Arrival at Sudbury was at 6:40 p.m., and the Committee registered at the Coulson Hotel. Mr. G. H. Lowry, Division Engineer at Blind River, was

introduced. He joined the group and remained with them through his Division to Sault Ste. Marie.

During the evening, the Select Committee received a delegation from the Sudbury City Council, composed of Controllers Lamoureux and Monaghan, Alderman Rothchild, President of the Sudbury Chamber of Commerce, and Clerk Comptroller P. Murphy. Mr. Phil. Freeman of Radio Station CHNO also accompanied the Sudbury officials.

The delegation questioned the Committee as to the time of completion of the current contracts on Highway 69 and the work being done on the Levack Highway. Mr. Tregaskes stated that the clearing and laying of foundation and base for the balance of work on Highway 69, including culverts, would be completed this year and that next year the road would be open for general traffic. The delegation was satisfied with the explanations offered.

Mr. Murphy brought up the question of the payment of subsidies by the Department of Highways to municipalities being made on the 1st of October and the 1st of March. He asked if consideration could be given to interim payments to allow the municipalities to more accurately determine their mill-rate earlier in the year. He felt that a speed-up in payments

was desirable to accomplish this end. The Committee agreed to make note of this request but pointed out that some of the difficulty may lie in the fact that the fiscal years were not the same. It was suggested that Sudbury officials present their recommendations to the Provincial-Municipal Committee which is now in session.

Other questions arose but were disposed of to the satisfaction of the delegation when it was explained that they did not come within the Terms of Reference of the Committee.

---Whereupon, at 10:30 p.m., the further proceedings of this Committee were adjourned until Thursday, June 10th, 1954.

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E I G H T H D A Y

The further proceedings of this Committee reconvened pursuant to adjournment.

PRESENT:

Mr. A. Kelso Roberts, Q.C., Chairman,
Presiding.

Messrs. Dent,

Janes,

Collings,

Mapledoram,

Mr. V. J. Johnson, Secretary.

APPEARANCES:

Mr. Duncan Gordon,	Mayor Thos.E.Hill (Thessalon)
Mr. H. Tresgaskes,	Mr.C.Harry Lyons,M.P.P. (Sault Ste.Marie)
Mr. F.C.W. Flegg,	Mayor Berthelot (Blind River)
Mr. Harold Broom,	Mayor Smale Aldermen Routledge,
Mr. W. S. Cole,	Lawson,Trovivvich,Foulds and Hare (Sault Ste.Marie)
Mr. G. H. Lowry,	
Mr. John Fullerton	(M.P.P.-Algoma-Manitoulin)

---And the following proceedings were had while the Committee was enroute from Sudbury to Sault Ste. Marie, on Thursday, June 10th, 1954.

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MR. JOHNSON (Secretary): This is a summary of the occurrences during the trip from Sudbury to Sault Ste. Marie on Thursday, June 10th, 1954.

The Select Committee assembled at the Coulson Hotel, leaving at 8 a.m. by bus to continue their inspection tour of Northern Ontario.

The trip began with the Committee being taken south along Highway 69 to see some of the work being done between Sudbury and the French River. A distance of approximately fifteen miles was travelled and the Committee was given a general explanation of various sections of the road by Mr. Cole. Turning back, the Committee passed Tomlinson Contract 53-39 where payment for rock excavation was \$1.00 per square yard and earth excavation was 75 cents. At Mannix Contract 53-40, the six miles north of the Tomlinson Contract, it was stated that payment for rock excavation was \$1.47 per square yard and earth excavation was 46 cents.

When questioned by the Committee as to the difference in price, Mr. Cole stated that one contractor when bidding on a job may feel that he can do it more cheaply and bids accordingly, but in his opinion, both were too low. This was an example of an unbalanced tender and contract. There are many factors to be considered when bidding by contractors takes place and the general terrain usually governs the bidding.

A stop was made at the Mannix Contract and an inspection of a rock-cut was made where a good example of "cut-and-fill" could be observed by the Committee. Mr. Cole pointed out at this point what was meant by "cross-section" and "profile". He stated that the Mannix Contract was 40 to 50 percent. completed with 80 to 90 percent. of the rock taken out. Questioned as to a time limit for contracts he said he felt there was an advantage to it, provided it was tied in with good pre-engineering work. Mr. Cole observed that good work was being done on both Contract 53-39 and Contract 53-40.

As the group reached a point where Highway 69 meets Highway 17, it was pointed out that an over-pass or under-pass at the C.P.R. lines would be desirable. Mr. Cole said it would be a tremendous financial undertaking and in the opinion of engineers generally, such an undertaking would be extremely difficult due to the sharp turns involved onto Highway 17.

The Committee had been requested by Mr. John Fullerton, M.P.P., to stop at Massey for an informal meeting with some of the citizens of that village. Mr. Fullerton introduced several gentlemen to the Committee and the meeting began in front of McNally's

General Store. Complaints were registered that Highways officials were not being consistent when enforcing regulations regarding lighted signs on Highway 17 as it passed through Massey. The local innkeeper produced an approved application, dated May 14th, 1953, for a sign in front of his hotel and also a direction, dated June 14th, 1953, threatening legal action if the sign was not taken down -- both signed by the same official. A garage man had been ordered to move his sign a quarter of a mile back from the highway which would place it in the centre of the local cemetery. The Committee agreed that rigid regulations of this sort were hard to understand but Mr. Lowry said that the safety factor was behind the thinking of the regulations. It was felt also, that regulations that were necessary for the Queen Elizabeth Highway did not apply suitably in many cases, such as in Massey. As it was a matter of highway safety, Mr. Collings, seconded by Mr. Janes, moved that the matter be referred to the Select Committee on Highway Safety.

Another question was brought up regarding the use of Department of Highways snow-removal and grading equipment. Certain equipment is assigned for municipal rental and is called "pool-equipment". The payments for the use of this equipment are as follows:

65 percent, paid by the Government and 35 percent, paid by the municipality; in the case of unorganized municipalities it is on a 50-50 basis. The difficulty in Massey arose when snow removal and grading were needed and no pool-equipment was available. At that very time, several pieces of Highways equipment sat idly in town, with their operators available, and could not be used in Massey because they were assigned to the Division Engineer. The highway itself in Massey had not been maintained efficiently as was witnessed by pot-holes in the road.

Mr. Duncan Gordon pointed out that this situation pointed up the recommendations of the J. D. Woods and Gordon Report that the Division Engineer staff and the Municipal Engineer staff should be merged for more efficient administration. Both Mr. Cole and Mr. Lowry agreed that such a merger would do much to avoid aggravating situations like the one referred to in Massey.

Mr. Fullerton joined the Committee as they proceeded west to Blind River where luncheon was had at the Harmonic Hotel. Mayor Berthelot and his council were introduced to the Committee. Mr. Cole left the group here and returned to Sudbury.

After luncheon, the group moved west along

Highway 17 to Thessalon where they were greeted by Mayor Thos. E. Hill who welcomed them to Thessalon.

The Committee then proceeded on the trip and turned off Highway 17 to inspect the St. Joseph Island Ferry. Mr. Lowry explained that this ferry is maintained by the Department of Highways and no toll is charged for its use. It operates 24 hours a day, 365 days a year, and employs twenty men in its operation.

The Committee then returned to Highway 17 and arrived in Sault Ste. Marie at 5.40 p.m., to be met at the Windsor Hotel by Mr. C. Harry Lyons, M.P.P.

The Committee were the guests of Mr. Lyons at dinner. Mr. Lyons asked that the Committee receive Sault Ste. Marie officials later in the evening for an informal chat.

The Committee met Mayor Smale and Aldermen Routledge, Lawson, Troviovich, Foulds and Hare.

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---Whereupon the further proceedings of this Committee were adjourned until Friday, June 11th, 1954.

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N I N T H D A Y

The further proceedings of this Committee reconvened pursuant to adjournment.

PRESENT:

Mr. A. Kelso Roberts, Q.C., Chairman,
 Presiding.

Messrs. Dent,

 Janes,

 Collings

Mr. V. J. Johnson, Secretary.

APPEARANCES:

Mr. H. Tregaskes

Mr. F. C. W. Flegg

Mr. Harold Broom,

Mr. G. H. Lowry

Mr. C. H. Lyons, M.P.P.

Alderman Routledge (Sault Ste. Marie)

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MR. JOHNSON (Secretary): This is a summary of the occurrences while in Sault Ste. Marie, Friday, June 11th, 1954.

At the request of Mr. Lyons, the Committee assembled at 10 a.m. for a tour of Highway 17, a part

known as the Lake Superior Road. The group drove as far as Batchawana Bay with Mr. Lyons pointing out highlights along the way. Alderman Routledge pointed out that this portion of the highway needed maintenance and expressed the hope that the Committee would make a note of this matter.

Returning from Batchawana Bay, Mr. Janes expressed the thanks of the Committee for Mr. Lyons' hospitality while they were in Sault Ste. Marie and asked that Alderman Routledge convey the same to the Sault Ste. Marie Council.

Mr. Janes also extended thanks to Mr. Stewart Porter, the driver of the Committee bus, for his safe and efficient driving during the entire trip from Toronto.

The Committee returned to Toronto by T.C.A. leaving Sault Ste. Marie at 5:35 p.m. and arriving in Toronto at 7:35 p.m.

---Whereupon the further proceedings of this Committee adjourned until Tuesday, June 15th, 1954, at 2:00 o'clock, p.m., in Toronto.

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T E N T H D A Y

Toronto, Ontario,
Tuesday, June 15th, 1954,
2:00 o'clock, p.m.

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The further proceedings of this Committee
reconvened pursuant to adjournment.

PRESENT:

Mr. A. Kelso Roberts, Q.C., Chairman,
Presiding.

Hon. Dana Porter, Q.C. (Attorney-General)

Messrs. Oliver,

Collings,

Dent,

Herbert,

Janes,

Mapledoram

Mr. R. L. MacTavish, Q.C., Committee Counsel

Mr. V. J. Johnson, Secretary.

APPEARANCES:

Mr. Donald E. McQuigge,

Mr. Douglas H. Storms,

Mr. M. A. Elson, Deputy Minister,
Department of Highways

Mr. H. L. Main, Special Projects Engineer

Mr. C. J. Foster, Civil Service Commissioner.

Mr. W. A. Clarke, Chief Engineer,
Department of Highways.

Mr. H. D. MacMillan, Department of Highways

Mr. Gordon Hewitt, Solicitor

Mr. J. L. Zoller, Financial Comptroller
Department of Highways

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THE CHAIRMAN: Gentlemen, I might call the meeting to order. With regard to the minutes of the meetings in Albany, you will have received, or if you have not, you will very shortly, the transcript of the evidence, which is complete so far as the Albany trip is concerned, with the Exhibits, and I do not think it is necessary to read any minutes made by the Secretary on that trip, unless some member of the Committee wants them read.

With respect to the trip west, it is proposed to have Mr. Sturgeon make a record from a memorandum that the Secretary has prepared of what transpired, and that again will appear in the proceedings. If that is sufficient for the purpose of the minutes, we can dispense with any minutes at this point.

MR. OLIVER: Was there evidence taken on the western trip?

THE CHAIRMAN: Will there be?

MR. OLIVER: Was there?

THE CHAIRMAN: There really was not anything

you could call "evidence", but there were statements made from time to time.

MR. OLIVER: Those statements will be available?

THE CHAIRMAN: Not verbatim; the only thing we would have on that would be the summary which the Secretary made of what happened during, say, an hour's proceedings. However, to the extent that he was able to keep track of it that way, I thought it would be well to put it right in the record. If that is the wish of the Committee, we shall not read any minutes at this time.

There is quite a full agenda, I think, this afternoon. I might say that the first witness I am going to call is Mr. Donald McQuigge, who is the President of the Canadian -- is it?

MR. McQUIGGE: The Ontario Roadbuilders Association.

THE CHAIRMAN: I think Mr. Beverley Matthews, Q.C. is their Counsel and he is present here also.

MR. MATTHEWS, Q.C.: I wonder if I could say just a word, Mr. Chairman? Some time ago, I think perhaps weeks ago, an invitation was given to this Association to prepare a brief, and to give any evidence they might see fit to present. As a result of that invitation, a brief is in the course of preparation

and will be prepared, I think the idea being it will be presented at your meeting on the 28th of June.

My clients today are slightly embarrassed.

Mr. McQuigge is the President of the Ontario Road-builders Association, and he has with him, Mr. Storms, who is Vice-President. In case you would also like to hear his evidence today, he will be quite happy to give you anything he can which would be helpful, but they have not had an opportunity to refer to their governing body, so they cannot speak for the Association officially. However, with that reservation and with that in mind, they are planning to come back later. They would like to help as much as they possibly can.

THE CHAIRMAN: Thank you, Mr. Matthews.

It was my feeling that it would be helpful at this stage of our progress to get some ideas perhaps from this particular body, or individual members of it on their own responsibility, not that of the body, on some of the main items which confront this Committee with respect to the Woods, Gordon Report. I took the responsibility yesterday of suggesting that, although the brief would not be ready for a little while yet, perhaps Mr. McQuigge would attend and might give us his personal views on one or two of the subjects, such as pre-contract qualification,

pre-engineering and possibly classification, and, as Mr. Storms is here also, perhaps he, too, -- on his own, not speaking for the Association -- might see fit to do the same. With that explanation, would Mr. McQuigge please come forward?

All the witnesses before this Committee are being sworn in, Mr. McQuigge, so if you do not mind --

DONALD EDMUND McQUIGGE,

a witness being called, and duly sworn, testifies as follows:

BY THE CHAIRMAN:

Q Mr. McQuigge, your full name is what?

A Donald Edmund.

Q Donald Edmund McQuigge, and you are the President of --?

A Ontario Roadbuilders Association.

Q Would you care to make any statement at this point, without being questioned, having in mind what I mentioned a few moments ago, or would you rather have me ask you some questions?

A I think the question and answer procedure would probably be best, Mr. Chairman, in view of the explanation offered by Mr. Matthews, who pointed out that we are in the process of assembling a brief.

I feel that many things I anticipate might

be asked today, will be incorporated into our brief, with the approval of our membership, but at the present time, I am not in any position to speak for the members, because we have not gone through the formality of having our Directors meet. The difficulty in that is that our membership is scattered from one end of the province to the other, and it is a little difficult at times to get everyone there whom we would like to have.

Q Now, you have seen the Woods, Gordon Report?

A Yes.

Q And you have had a chance to read it; would you care to express any opinion on the pre-qualification of contractors' recommendation in the Report?

A Speaking for myself, and for many contractors to whom I have spoken, it is my opinion that pre-qualification has great merit, inasmuch as it qualifies a contractor with respect to his experience, finances, equipment and personnel, and we in the Roadbuilders Association have felt that a similar, if not the same set-up, as they have in the State of Michigan, should be considered for the province of Ontario.

The first time I ever heard about pre-qualification, my reaction was, not knowing anything about it, that it might protect the large contractors

to the detriment of the small contractors. However, having gone into the subject very thoroughly, we found

that such was not the case, and pre-qualification merely protects every contractor, and governs him, within the limits of his own resources. It does not prevent growth or expansion, but it does prevent a contractor from over-reaching himself, and getting into a difficult situation by reason of his own enthusiasm.

I would like to point out, Mr. Chairman, that our Association, through our General Manager and members, has been carrying on an extensive study into this problem. I cannot recall the names of these associations, but if you would permit me to look at my notes --

Q I wonder if you would mind stepping around over here, so everyone in the room can hear you better?

A We wrote letters to the International Road Federation -- this is in the United States -- the Highways Research Board, the American Roadbuilders Association, and the Bureau of Contract Information in Washington, asking them for their advice on which State they would recommend to make a close, intensive study of pre-qualifications. In all cases, they referred us to the State of Michigan on the basis that

they were the pioneers of pre-qualification in the United States, and had apparently assisted some twenty other States in adopting similar legislation.

We have gone further than that. We have sent our General Manager to Michigan, and he has carried on an investigation on our behalf with the Bonding companies, the Insurance companies, the State Highway officials, and with contractors; in other words, we wanted to look at it from both sides of the picture, and in every case we have received nothing but a favourable answer, that pre-qualification solves many problems which existed in the State of Michigan some twenty years ago, and have now disappeared.

However, to get back to my first remark, the small contractor in Michigan has been able to grow without any impediment whatsoever, according to our findings. We feel -- and when I say "we", I am speaking a little out of turn, I am really speaking for myself, but I have also spoken to many contractors in our Association, for instance, Mr. Storms, and many others, and they share my views -- this matter is one of our main points in the brief we hope to be able to present to this Committee the latter part of this month.

Q On that point, are there any questions?

BY MR. OLIVER:

Q I would like to ask Mr. McQuigge this one question, Mr. Chairman.

Mr. McQuigge, does your definition of pre-qualification suggest that one contractor should not be allowed to accept more contracts in one year than he can adequately carry out?

A Yes.

Q There have been instances in the past where contracts have been let when the contractor could not physically carry them out, and we feel that pre-qualification would include the provision, that a contractor would only be allowed to tender on those contracts to the extent that he could carry them out in a given time, in a given year.

A That fits in with my definition of "pre-qualification."

MR. OLIVER: Alright.

THE CHAIRMAN: Are there any other questions on the pre-qualification angle? If not, we might go to the pre-engineering.

BY MR. OLIVER:

Q May I ask one other question, Mr. Chairman?

I am interested in what my friend said about the protection of the small contractor. You

did not elaborate on that, Mr. McQuigge. Could you tell the Committee what protection is afforded the small contractor in this pre-qualification set-up?

A When I referred to the small contractors being protected, I was really thinking in terms of his not being squeezed out by large contractors. The small contractor, let us say, has a rating to perform a \$40,000 contract, and he cannot go beyond that.

Q That is right.

A If that rating was not in there, he might extend his credit, might load up with equipment and machinery and get into hot water and lose everything.

Q Yes, that is what I mean.

A But he can make his profit and retain that in the business and receive a higher rating. And the proof of it is in the growth picture, that 58 percent. of the contractors in the State of Michigan who were qualified last year, were not in existence when pre-qualification was instituted in the State. There are many contractors -- I cannot recall their names, but we could provide the information -- who have an original rating of \$30,000., \$40,000. or \$50,000., who now have ratings of several millions.

Q In other words, the small contractor is

protected in the field which he can best serve? I mean, he is equipped, financially and with machinery, to serve.

A That is right.

Q There is a sort of protection given in that field for the small contract business.

BY HON. MR. PORTER:

Q And the large contractor cannot compete with him in that field, is that the point -- is that so?

A I am not sure of that, Mr. Porter. But I believe there is a certain amount of discretionary power in that field. I think the large contractors are restricted to bidding on certain types of work. In other words, no one person can dominate the field.

BY MR. MAPLEDORAM:

Q Mr. McQuigge, if there were no large contracts let in the States, say half-million dollar contracts or something like that, but there were a lot of \$50,000 or \$60,000 contracts, cannot the big fellow come back in the field in that year and take those contracts?

A I cannot answer that with the voice of authority, sir. The situation, as I understand it, has not arisen, because Michigan, like Ontario, is behind in their road programme, and there is a

continuing demand for improvement and extension. So the question to date is purely academic. There may have been some provision in the past.

Q But there is nothing to stop the small contractor from growing, as you say?

A No, nothing that we were able to find.

BY MR. HERBERT:

Q Has it affected our small contractors, do you think?

A Well, we have not pre-qualifications.

BY HON. MR. PORTER:

Q No, but in our present system, are the smaller contractors prejudiced at the present time?

BY MR. JANES:

Q In other words, are the small contractors, any of them, getting into difficulties? Is their standing as good as the standing of the small contractors in Michigan?

A Well, we have not compared equivalent contractors according to dollar value of business between Ontario and Michigan.

BY MR. OLIVER:

Q But your studies have gone far enough, I imagine, Mr. McQuigge, that you would say that a system which employed pre-qualification of contractors

would be preferable to that presently in vogue in the province of Ontario?

A That is my view.

Q Thank you.

A Shared by many others.

MR. JANES: I suppose, Mr. Chairman, we would have to hear from some of the small contractors to get their side of the picture.

THE WITNESS: I suppose I should point out that our Association --

BY THE CHAIRMAN:

Q Well, you might give us a recapitulation of your Association.

A It is composed of 83 contractor members, large and small, and we have 43 associate members. The associate members are the suppliers of material and equipment, and our members do a great proportion of the highway work in Ontario. It is not a monopoly. There are some contractors who are not in our Association. We do not seek them, as our procedure is that, in most cases, a contractor comes to our Association and expresses a desire to become affiliated, and we have a Membership Committee which scrutinizes the calibre of the contractor, and it is discussed quite freely at the Directors' meeting. If he is passed

upon favourably, he is invited to join.

BY MR. HERBERT:

Q Another question, Mr. McQuigge. Did you find in your investigations that our smaller contractors were taking sub-contracts from larger companies -- most of them?

A In many cases, yes.

BY MR. MAPLEDORAM:

Q Do you think pre-qualification would stop that?

A Well, under the Michigan system, the sub-contractor has to be pre-qualified too, and when a contract is let in Michigan, the prime contractor has to list the sub-contractors whom he is going to employ. Those are the men, if he is a successful tenderer, who are employed on that work.

Q They still allow sub-contracting though?

A Up to 20 percent. of the volume of the work. The sub-contractor benefits by reason of the fact that he also is limited by the amount of work he can take on. Pardon me, that is a directory of our membership, (indicating).

BY THE CHAIRMAN:

Q Of your membership?

A Membership for last year, Mr. Chairman.

Q We might make that an exhibit.

EXHIBIT NO. 22: Directory of
Membership, Ontario Road-
builders Association, as
produced by Mr. McQuigge.

BY MR. OLIVER:

Q Do you know how many states in the United
States now have pre-qualification provisions?

A There are 39, out of 48.

Q That is really the proof of the pudding, is
it not?

A Well, I would think so. Their volume of
road work in mileage and dollars and cents is enormous.

BY MR. COLLINGS:

Q Are there any provinces in Canada which
have pre-qualification, to your knowledge?

A I do not believe there are any in Canada.

BY HON. MR. PORTER:

Q Which are the States that do not?

A New York is one of them. They have post-
qualification, as this Committee knows very well.

BY MR. JANES:

Q What is the difference?

A My understanding of the word "post" is "after"
and "pre" is "before".

BY HON. MR. PORTER:

Q As I recall, we learned at New York that

after the tenders are opened, and they decided which was the lowest tender, then the lowest man had to show he had the financial responsibility and had the equipment and personnel to carry out that work.

A Yes, sir.

Q It is really not a qualification, it is not quite the same principle as the other. It is quite different, as a matter of fact, it leaves it wide open for tenders from anybody. Is that not right?

THE CHAIRMAN: Except that the person tendering knows that he has to satisfy them afterwards.

HON.MR. PORTER: Yes, the person knows he will have to establish that he can carry out the work, if he wins the tender.

THE WITNESS: Yes.

MR. JANES: It means the same thing, in operation, whether "post" or "pre".

HON. MR. PORTER: But it does not come to quite the same thing, because there is a great deal to be said for the post-qualification to this extent, that when you have a small set of big contractors and there are a lot of big contracts to be let, the big people are the only ones qualified to bid on them. Suppose they got together and said, "We will divide this work up amongst ourselves", then tenders would

be high; there could be a combine, could there not?

THE WITNESS: Well, I have never done any work in New York State.

BY HON. MR. PORTER:

Q No, not New York State, they get away from that, you see.

A Let me put it this way. I have not been mixed up in any combines.

Q You have not had pre-qualification.

A No, that is so.

Q So it is wide open, and you have to put in the lowest tender in order to get the job. But supposing there are only five or six contractors who are qualified to take on a number of jobs which were offered, and each one knew he could not take them all on, there would be the possibility of a combine, would there not?

A The way you put it, Mr. Porter --

Q I am not suggesting there would be, but I mean when you were speaking of "protection" --

A The protection is in some areas, and I believe right in the city of Toronto, their engineering department puts an estimate in on the work. I may be wrong in this, but I believe I am correct. The reason I do not know is that we have never done

any city work. But the engineering department in Toronto estimates what the tenders should be and I understand if any tenders are above that, then they are not accepted.

THE CHAIRMAN: That is so in New York.

BY HON. MR. PORTER:

Q It does not guarantee that you are going to get the lowest tender. I mean there is a possibility. It all depends on the volume of work which has to be done and the number of contractors who are qualified to do that particular type of work.

A And also when the work is to be completed.

THE CHAIRMAN: Yes, the actual body which would do the pre-qualifying is the State or the Province, so if there is going to be a monopoly, the province must be the cause of it, under this system. I do not see there is any danger of a monopoly as long as the provincial policy remains as it is.

HON. MR. PORTER: I do not know whether I made my point clear.

MR. OLIVER: Of course, it is now a provincial monopoly.

THE CHAIRMAN: There has been no evidence of that except your statement.

MR. OLIVER: There is only one person buying roads that I know of.

HON. MR. PORTER: Oh, I know, but it is not a monopoly of any one contractor.

BY MR. JANES:

Q Could I get the point clear in my mind, Mr. Chairman? Where a large contractor takes a large contract and then sub-lets it, he no doubt takes a pound a flesh off that small contractor. Why, under free tendering, could not the taxpayer in the province have that pound of flesh and save that much money, instead of it going into the pockets of the big contractor?

A Well, there are so many other factors which enter into the letting of contracts. As I said a moment ago, the completion date of the contract should be of some significance, otherwise, it should not be printed in the tender. It is just a waste of typewriter ink.

BY THE CHAIRMAN:

Q Getting on to that for a minute, would you be inclined to approve a policy that placed liquidated damages for failure to complete in time on the contractor, as they do in Great Britain, I think.

A Provided we assume it is on a fair basis, I think it would be alright. I know there are other contractors who do not agree with that.

Q At least it would tend to get the job done faster, would it not?

A Yes.

Q And in the present emergency, that would seem to be a factor of importance.

A I would think it would be an important factor. Incidentally, that is a point we are covering in our brief at some length -- at least, we hope to do so.

BY MR. OLIVER:

Q I was going to ask one question, Mr. Chairman. Mr. McQuigge, do you believe that pre-qualification of contractors would tend to reduce what is known as short or uneconomic prices in the industry?

A Yes, I think it would make for a much healthier industry.

Q How would you say that situation would develop?

A It goes hand in hand with adequate information to bidders. The two are interlocked. First of all, I am assuming that under any system, whether it be the Chinese system of road building, or pre-qualification, or whatever it may be, that we have adequate pre-engineering and with adequate pre-engineering the contractor can make a more realistic and intelligent bid, because many of the unknown factors are eliminated.

I know that in the province of Ontario, I feel the Department has splendid engineers, and I do know they have been terrifically under-staffed. I believe that was pointed out in the J. B. Woods and Gordon Report. However, whenever they have had time for adequate pre-engineering, it has been of the highest order, but the expansion has been so great in recent years, that they have not had the personnel, I believe, to provide the pre-engineering which is required, and pre-engineering and pre-qualification must go together.

Q What are the factors, from your experience, which contribute to cut-throat prices and uneconomic prices?

A Well, lack of pre-engineering I think is one of the greatest contributing factors.

Q You mean lack of information upon which to base the bid?

A Yes. In many cases, the work has been called where the line has not even been determined, and as you probably know, moving the line a few feet this way or that way can change the entire nature of the contract, specially, say, on hillside work.

Q Whether it is because of the reduced number of engineers, or whatever cause, you would say in the last year or two, there had not been sufficient

engineering done when these contracts were called?

A In many cases, yes.

Q Do you think you could have too much engineering?

A I do not think we have been exposed to that, so I do not know what the surface picture would be on that

BY THE CHAIRMAN:

Q Would this failure -- a lack of pre-engineering - in your opinion, account for a lot of the over-runs which have been reported?

A Yes, quite definitely, because if the job has not been cross-sectioned before the contract is let, there is no standard to go by. I do not say that exists in every case. There have been many examples of lack of pre-engineering.

Q Mr. McQuigge, given the qualified staff necessary, knowing the terrain in this province, do you feel that it would be practicable for a policy of pre-engineering, say, along the lines carried on in the State of New York, to be put into practice in this province?

A I do not know how intensive New York's pre-engineering is, but I understand it stands very high, and I do know we need a lot more pre-engineering on our work in Ontario. That is, for a contractor to give an intelligent bid, with the elimination of undue

risks and hazards.

Q And then it would follow, would it not, that the contractor could be bound a good deal tighter under a contract if that perquisite was available to him?

A Yes, I would think so.

BY MR. OLIVER:

Q With adequate engineering, what should be the variation as between the estimate and the actual?

A I believe there are other people better qualified to give an opinion on that, Mr. Oliver. I would not like to give a percentage.

MR. COLLINGS: Mr. Chairman, I wonder if Mr. McQuigge would like to comment on the question of one unit price in place of the two units we have, the unit price for moving the rock, and earth.

THE CHAIRMAN: Some classification?

BY MR. COLLINGS:

Q Yes, as to one unit price covering both?

A With the lack of pre-engineering at the present time, I think it would be exercising a terrific hardship on contractors to ask them to quote on a one price basis, especially in the north country where you run into rock, muskeg, earth, materials of several different natures, and unless you know the quantities

of those materials and where they are located so you can determine your hauls, it would only be "by guess and by George" that you could make up a tender.

Q Yes, so that to have a one unit price would require sufficient pre-engineering --

A Of very high standard.

Q Of very high standard, to give you the information you require.

A That is the way I would look at it, sir.

BY THE CHAIRMAN:

Q Then if you had that high standard, do you think we would get better over-all results if we adopted a classification which included both rock and earth?

A I am speaking for myself alone here, and may I point out that under the C.N.R. work -- and they have moved many hundred millions of yards of rock and gravel and muskeg throughout this entire country -- on many of their railway jobs they have a larger breakdown in the material, they have solid rock, loose rock, hardpan and common excavation; and that is work which is going through very rugged country and apparently it has worked out satisfactorily to the C.N.R. I am perhaps putting words in their mouths which I should not, but they have used that system for a number

of years.

Q You are inclined rather to expanding it than contracting it?

A That is my own personal opinion, but there are many other contractors who do not share that view.

BY MR. JANES:

Q Do you think it would be possible to have pre-engineering in the north country, which would be so thorough that you would know exactly the number of yards you could bid on, the exact number of yards of each material, and have that pre-engineering economic?

A There are many problems in the north country, I have to admit that, but I see no reason why more adequate information could not be provided.

Q Oh, more adequate, we will agree on that.

BY MR. COLLINGS:

Q The witness, Mr. Chairman, said previously there was a lack of pre-engineering in the Department in previous years. Did your Association find it difficult to secure engineers, say, back in 1950-51?

A In 1950 and 1951, engineers were at a great premium. I think at that time, large companies were canvassing the universities and signing up young engineers before they had even graduated. And they were paying fairly large salaries. I can remember as

recently as two years ago, in my own Firm, we felt the necessity of engaging a young engineer, and we had an interview with a lad who seemed to have the qualifications we desired. We told him what his starting salary would be, and he laughed a hollow laugh, and said, "I can get \$200. a month more than that elsewhere", whereupon, he put on his hat and I presume he proceeded to get it. But I do not think the situation is quite as difficult today in that respect.

Q When we were in Albany, the Engineer said he had just come back from a recruiting trip throughout the colleges, and he was not able to engage an engineer.

A I see.

Q Because private enterprise was paying considerably higher than the government was paying, even in the State of New York.

THE CHAIRMAN: Mr. McQuigge, you have covered these points, and I think they will be helpful to us. We are just starting on another trip to northwestern Ontario, and I think these views at this stage are quite helpful to us. One question I would like to ask you if it is a feasible one -- not for answer now, but perhaps for consideration in your brief -- having in mind the general run of contracts of the Department of Highways, would you be able to elaborate in your

brief what you think is the minimum in the way of assets that a person wanting to go into the contracting business should have, in order to enter into a contract with the Department? I am thinking in terms of the small contractor particularly, when I put that question; if there is such a thing as a minimum below which nobody should be in your business, from your view. Perhaps you could give us a statement on that in your brief.

THE WITNESS: Well, we could make an attempt at it, based on past experience of our members. I do not know how the accountants might regard it, but we will give you, to the best of our knowledge, some formula.

THE CHAIRMAN: I think that might help us.

MR. MAPLEDORAM: Mr. Chairman, before Mr. McQuigge leaves, I was very much interested in his statement about classification with regard to the C.N.R. I am just back after listening to the gentlemen in New York State speaking about one price classification. I feel there again, we are building up a false premise, in other words, anyone who knows about contracting or does such work, knows that it costs more to move rock than it does earth, and so on, and I am inclined to agree with what the C.N.R. are

doing, that the greater number of classifications they get in their contracts, probably the cheaper they will get their jobs done. It may mean a little more book work, but from an engineering point of view, if they are as good in engineering as they say they are, to come within 5 percent. or 3 or 4 percent. of materials to be moved, it certainly should reflect in the contracting price, a great deal of saving to the person who is getting the work done, if they can get the different classifications down to where they should be.

I would be inclined to agree probably we have not enough classifications, based on your thinking, and the experience of the C.N.R.

BY THE CHAIRMAN:

Q It has been suggested -- and perhaps following that, this is a thought you might be able to develop later -- that one of the reasons for a great deal of the wide swing in dollar figures has been the fact that there is a personal element in the classification which can vary very materially. I think one of the arguments used for fewer classifications is that you would then get away from that personal element in classifying.

A Yes, unclassified material, they call it; is that correct?

Q Well, I am speaking of on the job; the engineer representing the Department has to make the classifications?

A Yes.

Q And if there is a dispute as to the classification into which a particular thing falls, it then becomes a matter of personal judgment, and it has been suggested to us that the more you can get that mechanical, and the less personal, the better it would probably be, from the standpoint, certainly I would think, of the responsibility on the part of those called upon to do it.

A Yes, and that, of course, is based on the assumption that there is a high standard of pre-engineering.

MR. JANES: Mr. Chairman, New York State claimed they have a very high class of pre-engineering, but we checked several of their contracts, and we found that the tenders were running from 15 to 25 percent. below the engineering estimate. I have an idea ours might compare very favourably with that situation, right in Ontario, with the very poor engineering we are supposed to have. We checked those figures together, Mr. Chairman, and they were running from 15 to 25 percent.

THE CHAIRMAN: Below?

MR. JAMES: Below the estimate of the Engineering Department.

THE CHAIRMAN: Thank you, Mr. McQuigge, unless you have something else you wish to speak about to the Committee.

BY MR. OLIVER:

Q I would like to ask Mr. McQuigge this question, Mr. Chairman. You no doubt have a close association with the road contractors of the province, Mr. McQuigge; would you say from your experience and your knowledge, the road program in the province at the present time is up to a par, for instance, with last year, or has it been retarded as against other years?

A My feeling is that it is retarded at the present moment.

Q Would you say that was a substantial drawback from other years?

A In recent years, yes.

Q It is substantial?

A Yes, as evidenced by my own personal experience. We have a yard full of equipment, and I can show many other contractors whose yards are also completely filled.

MR. OLIVER: Mr. Chairman, the point here is,

I think, very pertinent, that is, that the Legislature did vote around \$125 million or something of that sort for road building. Was it \$137 million?

THE CHAIRMAN: You are speaking of the present year?

MR. OLIVER: Yes.

THE CHAIRMAN: Without wanting to cut it short, I may say I think there will be a statement in a very few minutes which will indicate exactly what is under way at the moment.

MR. OLIVER: Yes. Of course, the difficulty with any statement now is that the facts over-rule a statement of that kind, because we are now toward the end of June, and actually are not doing very much road building. We are into the weather when roads can be and should be built, and we are away behind time, no question about that.

THE CHAIRMAN: I propose as soon as we finish with Mr. McQuigge and Mr. Storms, to ask Mr. Elson and Mr. Gordon to make an announcement which I think will be of importance to the Committee. That is all, I think, thank you very much.

THE WITNESS: Thank you.

---The witness retired.

THE CHAIRMAN: Mr. Storms, would you care to

add anything to this discussion at the moment?

MR. STORMS: I would certainly welcome the opportunity. I would consider it a great privilege.

DOUGLAS H. STORMS ,

a witness being called, and duly sworn, testifies as follows:

BY THE CHAIRMAN:

Q Mr. Storms, you are Vice-President of the Ontario Roadbuilders Association?

A That is right.

Q And you have had, I know, a very large experience in construction.

A I am President and General Manager of the Storms Contracting Company and the Bituminous Spraying and Contracting Company. And the George S. Grant Construction Company. And the Storms Contracting Company (Pacific) Limited.

Q You have heard this discussion with Mr. McQuigge. Perhaps you might care to make some statement without being questioned at the moment, and we can go from that to questioning.

A Mr. Chairman, I made two notes which I think are important. A remark was made about poor engineering. I do not agree with that. What engineering has been

done has been well done, but there has not been enough of it so that a contractor can bid realistically and intelligently. It has just been a wild, wild guess. If my banker or my lawyer knew how I figured a bid and put it in on some of these jobs, he would crucify me.

HON. MR. PORTER: He has not crucified you yet.

THE WITNESS: Well, no, not yet.

BY THE CHAIRMAN:

Q So your guess could not have been too bad?

A Well, they could not find a cross big enough, I guess. The word "protection" was used and I think that is a very dangerous word. "The protection of the small contractor", "the protection of the big contractor" -- that is a bad word -- for this reason; I have been a small contractor, I started with \$1,700 war gratuity -- period. I am not a big contractor, but I had some very good directors who had a fetish "net quick, net quick, net quick" -- that is the principle, "pay as you go, and if you can't pay, don't go", with the result I am in a sound position, but out of work, because I will not take a nosedive and bid on work at prices for which it has been going, because I cannot do it, and I have had some experience, and I am not bad.

BY MR. OLIVER:

Q And the price has been going below cost, in your opinion?

A Going below my costs.

Q That is a fair assumption, then, that it is below cost?

A Now then, I think this word "protection" came up in the matter of pre-qualification. To me, pre-qualification is that same "net quick" idea, and "pay as you go, and if you can't pay, don't go" idea, that I was brought up on. Therefore, I like it. I was protected from myself. When a flock of bids comes out, I am just like a race horse on a milk route, or a football player who smells that sweaty sweater and wants to go out and kick the ball around. I want to bid them all, hoping on a wide bid that somebody is going to forget and not bid those jobs, and I am going to hit some "bad jobs". But, remember this, there are no "bad jobs", there are only "bad prices". That is a "truism" you gentlemen know, or should know.

I would say the first look I had of pre-qualification takes me back to the back 50, back to Stoney Lonesome, or the Seldom Seen Road, where, if we could establish the fact that the Highway Department has let contracts to worthy contractors who have got

the pelf and the "guts" to go out there and finish that job on time, the people in the ridings or on the hustings, would know that their bills are going to be paid, that the truck driver is going to "get his" promptly, the boarding house "Missus" is going to receive her money on time, and the people who are travelling on the road are going to have as little inconvenience as possible. Also that the local contractor is going to be qualified, too, and I would know he was worthy, and I cannot let him have a sub-contract without the permission of the Department. I know that he is worthy, and I have no other way of finding out. He can lie to me the same as he can lie to anybody else, but if I know he is worthy and I am going to get competition amongst the worthy fellows, I am going to be able to do it a bit better and a bit lower because I eliminate the risk of a bad man who is going to cost me money.

That small fellow too can bid to me, he can bid to any other contractor. He can bid to the Highway Department. In Michigan, not only does the State use pre-qualification, but every municipality and even the cities in Michigan, say that bids are accepted only from pre-qualified contractors as is provided in the State of Michigan regulations. I think that is important.

Now, if it is known at Arnprior or Wiarton -- I always use those two, because I like those names -- that everybody is going to get a fair deal, and the bills are going to be paid, is it not going to make for more happiness? I think it is, and I everybody is going to get a fair price, and so on.

And I would love to make a comment to hon. Dana Porter about his remark about contractors getting together, and if somebody will stop the Press, I will say it.

BY THE CHAIRMAN:

Q Stop the Press here?

A Can it be done?

Q We do not do that, unless it is a very serious situation. I think you had better state it and let it go.

A Alright, I will say it anyway.

HON. MR. PORTER: My remark was in the open.

MR. JANES: That is one thing about the hon. Attorney-General.

THE WITNESS: But since when was it that you deny a contractor any more than a milkman, a telephone man, a farmer, or anyone else, to have a little protection? Think that one over.

MR. OLIVER: Self-preservation.

THE WITNESS: Sure it is. Now I do not say that everybody does get together, I deny that they do.

BY HON. MR. PORTER:

Q But you have not pre-qualification now, so you have not much chance. But suppose you had five or six contractors in the upper brackets --

A I played marbles with the "kids" around the fire station, and a lot of the boys used to get together, and take all of my marbles away from me. That's bad, that's dangerous. But what I say is that I would hate to be the hon. Minister, sitting there opening tenders on a job on which 25 bids come in, and 17 of those bids are below the engineer's estimate, and try to eliminate some of those bids, even if he did know they could not do the work. There is no machinery in his hands; all he can say is "Can he get a bond?".

BY MR. OLIVER:

Q Is what you are referring to, specific examples, Mr. Storms?

A I do not know. Am I? All I am referring to is that I know the hon. Minister sits there with, to the best of my knowledge, I think it is 25 bids on jobs, say on an average 20 bids if you like, and say, for example that a whole flock are below the engineer's estimate. and one man is low on five of those, and

it is known that that one man cannot do five jobs.

How is he going to get rid of that fellow? Because he can get a bond.

BY THE CHAIRMAN:

Q And he is the lowest bidder?

A And how are you going to throw him out?

BY HON. MR. PORTER:

Q Well, of course, in New York, they have their method of doing that.

A Alright, but --

Q Post-qualification.

A Alright, but you are up against oysters there.

I would like someone to tell me the oysters are good before I eat them, not after I get a belly-ache.

Q Oh no, that is not the way they do it.

A That is post-testing.

BY MR. JAMES:

Q Are you suggesting that a number of our small contractors have gone broke, and have not paid their debts, and have not paid their board and their truckers? Are you suggesting that is what has been happening in Ontario?

A No, but I know this. They are much more likely to be able to pay, if they get a fair price.

Q But has it happened?

A I think I can answer it this way. What is happening is that people are bidding on a long line of credit. They are bidding with machinery which they do not own. It is on paper, it is paper equipment. The machinery people are issuing equipment to people who have no right to have that equipment, because they have no money. They have not enough credit. Now, that outfit bids, and gets a job. Alright, the next time he bids in despair, because his equipment is going to be seized, and if it is not seized that time, he goes out and says, "I have to pay my banker, I have to get a job", and he goes down lower still. And that is about what is happening to the worthy contractor. He is up against competition which is terrible.

BY HON. MR. PORTER:

Q We have not heard about any failures.

BY MR. JAMES:

Q I am asking you, in the last ten years has that happened? Has any contractor failed? I am trying to get an answer to that. Has any contractor failed in the last ten years?

A I would not know.

Q I am trying to find out.

A That is coming on awfully dangerous ground.

BY MR. HERBERT:

Q Oh yes, I am sure you see every day in Dun &

Bradstreet, that contractors fail. However, Mr. Storms, in your remarks, you said that the small contractors who were awarded contracts by the larger contractors, to get their standing. You said the Department could tell you whether they could take that job or not.

A No. I say, how could the Department tell whether they could do that job or not. Here are five jobs, and it is obvious they do not have the machinery, physical assets, a statement from the bank, or anything else.

Q For instance, you have a contract and award it to a sub-contractor. How do you investigate?

A I do not think the Department will ever allow a contractor to re-award his job to someone else.

Q I have seen that done.

A Have you? Well, you have never seen it done on any of my jobs.

BY THE CHAIRMAN:

Q The whole job?

A I sublet concrete, culverts, and so on, because I find that these culvert men who are doing it all the time are better able to. The little man -- and I think this answers your question -- has his overhead in his pocket.

MR. HERBERT: Right.

THE WITNESS: And he is much better able to do those little jobs than I am, with an office and the "front" I have to keep up. I have to wear a collar and a tie -- not that he does not do it on Sunday, but he goes out and works like the Devil, and I have seen his wife and his kids work. Therefore, he can do it better than I. I wish I were five little contractors right now, any time, than a medium-sized contractor, because I could work without that awful overhead, and that long winter during which I am carrying men on a salary, and I am overhauling -- making an excuse of overhauling, and so on -- and I say, put me back where I was originally, a small contractor, and I will out-do me, and I will get bigger than I am. Give me my experience and a little bit. I have come along very fast. I would say under this system, where that little fellow -- I will not use the word "protect" -- has the assurance that he is not having to go up against the fly-by-night, the fellow that you do not like in your own town, you know he is no good, and that fellow in your own home town may be a "bum", he may be anything, he can still bid if he has a marked cheque, he can still bid, can he not? And he doesn't know anything about it, and he says, "I will get this job". And, -- "Wham", -- he comes

in there, and it is pretty hard to throw him out.

HON. MR. PORTER: Is that not a pretty hypothetical remark?

MR. JAMES: I think it is a very questionable remark to call a small contractor a "fly-by-night".

THE WITNESS: Oh, no, I did not say that. I said that the small man was up against a chap who did not have experience, did not have money, and had probably been in the ice cream business -- no, he goes into the ice cream business.

BY THE CHAIRMAN:

Q You are really addressing these remarks in order to justify your conclusion?

A Yes.

BY HON. MR. PORTER:

Q Are there any examples of contractors who have done just what you have said in highway building in the last few years? Are there any contracts which have not been completed for that reason?

A I cannot give you an example.

Q I have not heard of any.

A No? Well, I cannot give you an example.

BY MR. OLIVER:

Q You said, Mr. Storms, in your opinion -- which is of considerable weight before the Committee, I would

think, because of your experience and connection -- you have said that the prices for road contracts the last year or so in a great many cases were below the economic level?

A Right.

Q Now, in your past experience, what happened along the road? When the hon. Minister accepts a contract which is too low, obviously too low, what happened from then on? As the hon. Attorney-General suggested a moment ago, how does the contractor who bids away too low, survive?

A I know as far as I am concerned, what happens, and I will give you an example. I had a contract that I completed in Tobermory, six miles south of Tobermory, as a matter of fact. The information was that it was an area owned by Mr. Johnson, on which there were 90,000 yards of suitable material. I bid accordingly.

Q Was that in deference to Johnson's estimate?

A No, no.

Q It was not?

A No, no; that information was available and I bid accordingly. When I went in, the material was tested after I got it, that is, by us and by the engineers. That information was not true. It was not suitable. You could not put it in the road, and I was forced to go miles

and miles and miles away to haul in suitable material, and also have the profile lowered in order to take out more rock, at a loss, but not as great a loss. I stand on my books at the present moment as being down \$80,000.

BY HON. MR. PORTER:

Q But isn't that an entirely different example? What I wanted to know, are there any cases of which you are aware where some so-called "fly-by-night contractor" has obtained road contracts and has not been able to complete them because he did not have the finances or the equipment to carry them out?

I may say that any time I move around the province, I see the names of contractors on highway construction, and there seems to be an awful lot of it going on where I have travelled, and they are always the names of big contractors. I have never seen the name of a small contractor yet. Perhaps I have not travelled far enough.

A Maybe the small contractor puts up a small sign.

Q I do not know.

BY THE CHAIRMAN:

Q A few moments ago, you said you were not bidding because you figured the prices were too low?

A That's right.

Q You made some such general statement as that.
That is your complaint, apparently.

A That I cannot get a job.

Q That contracts are being let on prices too
low.

A That is right.

Q You have been telling us a number of things
here, and I take it that is the evidence you are putting
forth to substantiate that?

MR. JANES: It seems to me, Mr. Chairman,
he answered that question himself. He said, "If I
was five small contractors, I could bid and make money",
a minute ago, but being a big contractor, he cannot
bid the contracts.

BY HON. MR. PORTER:

Q The funny thing to me is that it is the big
contractors who seem to be doing the work.

A Because with them, you are seeing the big
work. You have seen my signs on many jobs close by;
they are jobs running anywhere from \$500,000 to over
\$1. million, and they think enough of me to award me
those jobs. I have not one bit behind me that I am
not proud of.

Q Well, you got the job because you put in the
lowest tender.

A Yes, that is right.

Q So the other big contractos got the other jobs the same way, and if they are all losing money, they do not show any signs of it.

BY THE CHAIRMAN:

Q Let us see what the point is in this matter. As I understood you, you said that you just were not bidding of late because you could not meet these prices. Is that the effect of your evidence?

A I would not know, sir. All I know is there is a code of ethics amongst contractors, and I am not going to say what I think about my competitors, except that they are all good fellows, and they know their business, and I hope I know mine. Why they bid too low, I would not know.

Q But you were saying you just have not been bidding because --

A No, I have been bidding, but I have not been getting jobs, because I would not seem to be able to get low enough.

BY MR. OLIVER:

Q You say you have been bidding, but you have not been getting jobs. Supposing, Mr. Storms, that by some turn of the wheel, you had been awarded the jobs at the prices for which they were finally let, what would have happened to you?

A You mean if somebody changed the rules or something?

Q No, I do not mean that at all. I mean that the prices for which the contract is finally let, were, I would imagine, substantially lower than your bid?

A The only way I can get a job is to be the low bidder.

Q I know that, but have you bid on some of these northern jobs?

A Yes.

Q And you did not get them?

A There are some jobs I have not got -- there are a lot of them.

Q But you say that economically they are too low, some of them up there?

A I believe so.

BY THE CHAIRMAN:

Q In your opinion? That is as far as you can go, is it not, because you did not do the work and, not having done the work, I do not suppose you could say.

A I have done a great deal of northern work, sir.

Q But in your opinion, they were too low?

A That is right, sir.

BY MR. OLIVER:

Q And those who did get the contracts you

consider were too low, do you think they actually lost money on those contracts?

A I wouldn't know, sir.

Q You would not have any idea?

A That is their business, and, mark you, I have tried to find out. I keep alive, and my men do too, on any method of drilling, loading, hauling, and so on, and I am bidding right now. I am bidding below the Plimsoll mark, and I cannot get work. People are taking the work below me. That is their business.

Q What happens to those people, Mr. Storms?

A I don't know, sir.

BY MR. JANES:

Q Well, did I hear you right, Mr. Storms? Did you not tell us a minute ago if you were a small contractor, you could bid contracts and make money on them?

A No. What I meant was this; if I were five little contractors and had no overhead or a very, very limited overhead, I think I could make a better living at the moment.

Q That is the answer I want. You could bid those contracts where they are and handle them.

MR. COLLINGS: No, you would not be bidding on those.

BY HON. MR. PORTER:

Q You would not be bidding on the big ones?

A I can bid on any job. And I think that is the misconception, your qualification does not limit you to the tiniest of the job, but it limits you to going over. But here is what stops me on those jobs: take a culvert job, say with two culverts, the whole thing amounting to \$30,000. A man with a handy boy living at home can under-bid me by a whale of a lot, he has no overhead and so on. For me to go up there, I have to send a boss man up, and I have to add a share of my overhead to that job, and so on. Therefore, I do not bid those jobs, because I know I cannot get them and compete with the small fellow. That is the clarification, and pre-qualification does not stop a large contractor, bidding on little jobs.

BY THE CHAIRMAN:

Q If he can do it with economy?

A But it stops me from bidding beyond my strength. I can lift 100 pounds, but you put 150 pounds there for me to lift, and I am going to stagger.

Q But you believe in it? You believe it is a good system?

A Oh, hook, line and sinker, that's my opinion.

And may I add, sir, that I have been on both sides. I have represented the owner as Manager of Housing Enterprises, and I put up 5,000 houses for the insurance companies -- General Manager of that organization -- and I had 17,000 engineers and engineering troupes under me at on D-Day. I have been on Mr. Doucett's side, and I have been on my side. There is nothing complicated about the thing at all. They are simple engineering jobs. Tell me what you want, and I will build it. But do not put me up against the fellow who comes in over-night, somebody who strolls along and says, "I'll build that better for you", and he has nothing. That is all there is to it.

BY HON. MR. PORTER:

Q I know, but I have not yet heard of anybody who has done that. Most of these bids are given to the --

A Sir, I do not think, in fairness, I should be asked to answer that.

Q Conceivably it could happen and it may have happened in a few cases, but the people who seem to have the jobs are big.

BY THE CHAIRMAN:

Q It seems fairly obvious when you say that, you are here for a purpose, and you are here giving your best evidence on the matter. We would not be

here if everything was perfect.

A I do not think you will ever get it perfect.

BY HON. MR. PORTER:

Q I am not expressing an opinion, but I am asking questions to see what you would say.

A But do you honestly expect me to answer that?

BY THE CHAIRMAN:

Q Let us see if we have your evidence clear.

A It is probably all balled up now.

Q Can I summarize it this way: You feel, that in your own case at any rate, it has been difficult, if not impossible, to get a bid accepted at a price which not below that at which you think you can handle it, and that being so, you are of the opinion that some steps should be taken to rectify what you think must be a wrong situation?

A That is right, sir.

Q That is about the summary of your evidence?

A I do not care what it is, but pre-qualification is the best thing I have heard of.

BY HON. MR. PORTER:

Q Well, there is no perfect system.

A No.

Q It is just a question of getting something

that is more practical and more effective than we might use today.

A And I think, Mr. Porter, too, that there are two kinds of minds; there is the legal mind and the engineering mind. The legal mind is a precise science to a certain extent.

Q Which one is the precise one?

A Yours is more precise than mine.

BY THE CHAIRMAN:

Q Mr. Storms, you have dealt with pre-qualification. You have heard what your associate said in regard to pre-engineering. Perhaps you have indicated pretty much the same line of thought there too, in your evidence. Would you care to make any comments on "classification"?

A Yes.

Q Mr. Collings asked a question.

BY MR. OLIVER:

Q Before he leaves that, I would like to ask a question. How would a contractor who had bid what was obviously too low, get bank credit, and credit from the machinery company to go into a contract on which he was obviously going to lose money?

A Well, sir, may I give an example. I know of a man who was a superintendent of a company in which I am interested, and he was laid off, and I know

he did not have any money.

Q He did not have any money?

A No money, and he had no credit. The next thing, I turned around and he had a whole spread of machinery. Now I do not know how he got it.

THE CHAIRMAN: His grandmother may have died.

THE WITNESS: But he had a whole spread of machinery, and was in a position to bid.

MR. HERBERT: He got someone to finance him.

THE WITNESS: Sure he did.

BY HON. MR. PORTER:

Q Did he get the job?

A I do not know; I know he was bidding.

Q I know, but --

A I know he was bidding, and I lost track.

MR. HERBERT: That is free enterprise.

THE WITNESS: I have not seen this man lately, but I know for a fact he bid against me on a job. I do not think he got the job, but I know he was a great deal lower than I was.

MR. OLIVER: A man that had done so well so far would obviously get the job.

BY MR. JANES:

Q He must have had something or he would not have had that machinery.

A He didn't have that much (indicating).

BY THE CHAIRMAN:

Q To get on to classification; can we deal with that subject now?

A Yes, sir.

Q Mr. Collings asked a question of the previous witness as to what he thought of classifying rock and earth all under one, at a unit price for the combination?

A You mean all types of material?

BY HON. MR. PORTER:

Q All material, so much per thousand yards, no matter what the material is, as they do in New York. They have only one price.

A You mean a job is called for, say, 100,000 yards?

Q Yes, we will say 100,000.

A Of rock?

Q No, 100,000 yards.-- period.

A 100,000 yards.-- period.

Q Yes, that is what they do in New York.

A Then why do they call for tenders? Why do they not ask for lump sum tenders; why unit prices?

Q But they ask for tenders on the unit price.

A But why not ask for a lump sum price? They do not have to measure, it is already measured.

Q The point is, you have a bid of so much

per unit, so much for gravel, so much for earth, and so much for rock. Those are the three classifications.

A Yes.

Q In New York, they simply say you bid so much per thousand yards, or whatever the unit is, so much per thousand yards of material.

A Yes. Alright.

THE CHAIRMAN: Whether it is rock, or whatever it is.

HON. MR. PORTER: A composite unit price.

THE WITNESS: They tell you they can estimate on the engineer's side or on the contractor's side, how much earth and how much rock and how much loose rock and how much hardpan is in a stretch of road? They tell you that? The truth is not in them.

BY MR. COLLINGS:

Q What do you say then?

A If the engineer -- and I think this is the start of it -- can tell you, or the contractor can guess that from "A" to "B" there is so much rock, so much loose rock, so much earth and so much hardpan, the truth is not in him. Alright. Now, I defy anybody to do that, I think it is absolutely unnecessary to do that quality of engineering. You cannot do it. You would have to move it all and sift it first.

BY HON. MR. PORTER:

Q Under our contracts, there is an estimate of the total amount?

A Right.

Q And it is merely an estimate?

A Right.

Q It is not a contract price in the ordinary sense. It is just an estimate. Then the contractor bids, as I understand it, on unit prices?

A That is right, sir.

Q So much per yard of earth moved, and so much per yard of gravel moved?

A Right.

Q And so much per yard of rock. Now, in New York, the contractor bids, not on those three unit prices, but on one composite unit price, and on so much material that he will have to move, he will be paid so much.

A Right.

Q And I think the question was, "What is your opinion or your view as to that system as compared to our system where you have the broken down unit prices"?

A May I ask one question? Does that happen in a rocky country?

THE CHAIRMAN: Yes.

HON. MR. PORTER: It is in all the contracts for New York, or some of the contracts, for New York State.

MR. COLLINGS: They say they do not have muskeg. That is the only thing we have which they do not.

THE WITNESS: I like muskeg.

HON. MR. PORTER: Yes, and to have it on a rock base; that would be good.

THE WITNESS: I would love it, and I would take it just like that. I could tell you a story on that, but I am not going to. Alright, I would say they are full of wet hay. You cannot measure a job that accurately.

HON. MR. PORTER: No, but --

THE CHAIRMAN: Alright, alright; he does not think they can.

THE WITNESS: That happened on the Barrie highway, on the grading. I had two jobs at the Cookstown turn-off. The contract said that I would spread the soil in six-inch layers, and there was no classification whatsoever. So I went to work on a big cut, and I ran into boulders that size (indicating). I said, "What am I going to do with these boulders?". They said, "What is wrong?". I said, "What are you

going to pay me?". "No", they said, "only one classification". "Alright", I said, "I will put them in the grade". They said, "You cannot, because it is only six-inch layers". I said, "Well, I will shave them off, and I will put them in the grade".

Now, there was a condition where nobody knew those boulders were there, but if they did not pay me for moving them off, that presented a hardship. So, in fairness and equity, I was paid on a work order to move those boulders and dispose of them as directed. Now I defy anybody -- it is quite unnecessary for anybody to do that type of engineering where you know exact quantities.

BY THE CHAIRMAN:

Q Mr. Storms, we were told last week by two very competent engineers in the employ of the Highways Department that if we had a thorough pre-engineering job done, it would be quite practical to classify in one unit price, the rock, earth and gravel. I would like your views on that.

A My views on that are, sir, there are not enough engineers in the world to do that, and I do not believe it.

Q Alright, that is enough.

HON. MR. PORTER: That is the answer.

MR. JANES: That answers the question.

BY THE CHAIRMAN:

Q Have you anything else you would care to put before the Committee?

A No, I have probably talked too much.

Q Oh, we appreciate having you. We like your frank approach.

A I know Mr. Matthews is going to give me H---.

MR. JANES: He is still smiling.

THE CHAIRMAN: Thank you.

THE WITNESS: May I thank you and the Committee for the privilege.

---The witness retired.

THE CHAIRMAN: Now, gentlemen, that deals with the Contractors Association's remarks, or rather the individual's remarks in relation to it, and we will get a brief a little later on in the month. I hope Mr. Matthews will make sure that brief is available by the 28th.

MR. JANES: Might I suggest we call in some small contractors who are not all millionaires?

THE CHAIRMAN: Certainly, anyone you wish to name.

MR. JANES: We could go to the Department of

Highways, obtain a list of them, and have them called in.

THE CHAIRMAN: I think at this stage, if Mr. Elson and Mr. Duncan Gordon would come forward for a moment, I believe they have a joint statement which is to be made here, and I think this might be the appropriate time to make it.

MR. GORDON: I do not think I have.

THE CHAIRMAN: Alright; Mr. Elson, Deputy Minister of Highways.

MR. M. A. ELSON: Mr. Chairman, and gentlemen; the re-organization of the Department of Highways, according to this organization chart which we have here (indicating) has been completed in part, and we are sending a memorandum out to our branch heads, and Division Engineers, which makes these appointments effective as of the 14th of June, that is, yesterday, with respect to part of the organization. Would you like me to read it, Mr. Chairman?

THE CHAIRMAN: I think we would be interested in hearing it.

MR. ELSON: ~~It is as~~ follows:

"A complete re-organization of the Department has been approved and the following appointments have been authorized. Additional appointments to

complete the new establishment will be announced in due course."

In other words, that paragraph describes the fact that these are not a complete list of names, because on the organization chart, there are still vacancies which the Departmental heads have not had an opportunity as yet to decide who will be in charge of the particular sections.

MR. COLLINGS: This chart, Mr. Chairman, is the chart that is in our report?

MR. ELSON: Yes, to all intents and purposes, it is the same chart.

"Deputy Minister, M. A. Elson.

Assistant to the Deputy Minister - F. C. Flegg.

Chief Engineer - W. A. Clarke.

Consultant to the Chief Engineer - P. M. Higgins.

Director of Planning - W. J. Fulton."

MR. OLIVER: Might I interrupt? Would the Deputy Minister tell the Committee where there is a change?

THE CHAIRMAN: Yes, perhaps if any of those gentlemen are present, you might introduce them as you go along, too. I think some of them are here. And where there is a change, would you indicate that, please? Perhaps you could start again.

MR. ELSON: I think that is going to be very difficult because the new organization set-up is not too comparable to the old one which existed.

HON. MR. PORTER: The official positions are different?

MR. ELSON: I beg your pardon?

HON. MR. PORTER: Some of the offices are different?

MR. ELSON: Yes, the heads of the departments, at least the way the departments are set up is not shown in its entirety and in some cases, it is different from what we had before.

MR. COLLINGS: At what page do we find it in our report?

THE CHAIRMAN: Yes, that might be helpful.

MR. OLIVER: It might easier to tell us where there has not been a change, Mr. Elson.

MR. ELSON: Well, what I am trying to describe, gentlemen, is the fact that the original organization chart, or at least the original organization or existing organization before these changes were made, is not a comparison with the one we have now. Am I expressing myself properly, Mr. Gordon?

MR. GORDON: Mr. Chairman, I would agree with Mr. Elson. I do not think it is possible to

describe the changes, because you are starting with something that is quite different to what there was before.

THE CHAIRMAN: I think what Mr. Oliver wants to know is if there has been any actual change, if somebody has retired or left that particular job, and someone has been put in his place.

MR. ELSON: I believe if I were permitted to carry on with my description for a minute, and then request the privilege of reading these names, I could better describe the condition existing. Had we had in the past the organization chart we are using at the present moment, it would be just a case of changing names.

THE CHAIRMAN: It starts at what page?

MR. GORDON: Opposite page 42.

THE CHAIRMAN: If everyone has the chart in front of them, that will help in following it.

MR. OLIVER: What I have in mind, Mr. Chairman, for instance, is, there is some suggestion that the contract engineer, Mr. Fulton, be retired. If he is, I think Mr. Elson could tell us.

THE CHAIRMAN: Yes, he could indicate that. Mr. Elson could tell us.

MR. ELSON: Yes, at your discretion. But

if I can follow on with my explanation, inasmuch as if in the past we had been using the organization chart we have now, I could describe the change in the name, but we are not. That is the point. It is very hard to compare.

The second thing is that the appointments which are listed here are appointments; they are not retirements or anything like that, and as I go down the list after I have read the names, I can describe the various changes with respect to my knowledge of the positions which they held before. Is that suitable?

MR. DENT: That is good enough.

THE CHAIRMAN: Then you are starting with the Deputy Minister, followed by the Assistant?

MR. ELSON: Assistant to the Deputy Minister: F. C. Flegg.

THE CHAIRMAN: That is one out of two. There may be another in due course.

MR. ELSON: There may be two more, Mr. Chairman. An explanation of the Assistant to the Deputy; we have Mr. Main, who is going to act as a Special Projects Engineer, but in the meantime, I am using his assistance, and will be for the next two or three months depending on the pressure of work. ... However, he is not shown on this list as

an Assistant to the Deputy, he is shown as a Special Projects Engineer. But I am utilizing his abilities and experience to give me a hand on the detail work which comes over the desk every day.

MR. OLIVER: And finally he is to be Assistant to the Deputy?

MR. ELSON: No, his title is shown here, "Special Projects Engineer : H. A. Main". He is shown in this re-organization as a Special Projects Engineer. He will be working directly with the Chief Engineer, although at the present time and possibly for the next two or three months, depending on the amount of work which comes over the desk, he may be acting as an assistant to me, but he is not shown as a matter of record, as an Assistant to the Deputy, so there will not be an confusion in respect to his future position.

"Chief Engineer - W. A. Clarke,

Consultant to the Chief Engineer - P. M. Higgins,

THE CHAIRMAN: That is a new appointment - "Consultant"?

MR. ELSON: Yes. Now, Mr. Higgins, before this appointment, was an executive assistant to the Municipal Engineer. We have now made him, for two or three reasons, Consultant to the Chief Engineer. We are going to utilize his age and experience, and

his knowledge of municipal affairs, and of other parts of highway direction, in the roll of Consultant to the Chief Engineer, because now the municipal engineers come under the Chief Engineer's department, as shown on the chart. In the meantime, we have made another man Municipal Engineer, which will be shown further down on this list.

"Director of Planning: W. J. Fulton
Services Manager: C. A. Robbins,
Financial Comptroller: J. L. Zoller,
Traffic Study Section: W. Q. McNee. "

THE CHAIRMAN: That is a new one, is it not?

MR. ELSON: Yes.

THE CHAIRMAN: "Traffic Study"; who is that gentlemen? Mr. McNee, is it?

MR. ELSON: Yes. Have you the other copies there, please? Excuse me, Mr. Chairman, there are three other copies of this available. That may help (producing documents).

THE CHAIRMAN: One to this side, perhaps, and one to the other side. Is Mr. McNee a new appointment, Mr. Elson?

MR. ELSON: No. He is doing that job at the present time, Mr. Chairman. In the reading of these names, you will not find them all included on

the main organization chart. We may be better to change over, Mr. Chairman, with respect to the chart on page 42. I will read the names as shown on the chart so you can go across the page. Possibly that might help?

THE CHAIRMAN: Alright. Yours looks more extensive than the one I have here.

MR. ELSON: Well, I am going to have to go into other charts later on to get all I have here.

THE CHAIRMAN: Alright, go ahead.

MR. ELSON: Starting again at the top, Chief Engineer: W. A. Clarke.

THE CHAIRMAN: Yes?

MR. ELSON: Director of Planning: W. J. Fulton.

THE CHAIRMAN: Yes?

MR. ELSON: The personnel manager is out for the present. We have not made an appointment in that position. Consultant: P. M. Higgins. That is Consultant to the Chief Engineer. Services Manager: C. A. Robbins; Financial Comptroller: J. L. Zoller; Construction Engineer: J. Walter. It goes on:

"Consultant to the Construction Engineer: T.F. Francis, -- well, that is on another one.

THE CHAIRMAN: That is a new appointment. Mr. Walter would be a new appointee, would he not?

MR. ELSON: Yes, that is correct.

THE CHAIRMAN: What is the one after Construction Engineer?

MR. ELSON: You will pick that up on another chart, Mr. Chairman. Consultant to the Construction Engineer is T. F. Francis.

"Bridge Engineer: H. Lamont,

Consultant to the Bridge Engineer: A. Sedgwick--" who is also going to be Special Projects Engineer on the Burlington Bridge. The Maintenance Engineer is C. Tackaberry.

THE CHAIRMAN: Have you any Special Projects Engineer for the Humber Bridge?

MR. ELSON: Not as yet, Mr. Chairman.

MR. OLIVER: If he does well at Burlington, we will bring him back to the Humber.

THE CHAIRMAN: We do not want to wait too long.

MR. ELSON: Mr. Sedgwick has spent a great deal time now on the Burlington bridge, so we are going to utilize his services in that connection.

Municipal Engineer: J. V. Ludgate.

THE CHAIRMAN: He is the present holder?

MR. JANES: No, that is MacInnes, he is a new man brought in.

MR. ELSON: MacInnes is Consultant to the Municipal Engineer.

MR. JANES: That is good.

MR. ELSON: The Inspecting Engineers are D. G. Ramsay, R. E. Clarke and H. W. Adcock.

MR. COLLINGS: The personnel manager? You did not give us that.

MR. ELSON: The Personnel Manager, as far as I can tell at the present time, is not available to us in the Department of Highways, and our thinking on the subject now is that he may not be available to us in the Civil Service, and, rather than taking one of our experienced men from this group that we wanted to change or re-organize, we felt that the easiest man to bring in from the outside would be a personnel manager, a man who had had experience in industry or in various phases of construction work, and utilize his services in the Personnel Manager's branch. That decision has not yet been made, and likely will not be for a week or two.

MR. JANES: Mr. Elson, these are mostly men who are presently in the Department?

MR. ELSON: All these men who are on this list are in the Department of Highways at the moment.

MR. JANES: Yes, I recognize them as we go along.

MR. ELSON: That is correct. The only

outsider we anticipate bringing in is the Personnel Manager.

Turning to page 46, the Director of Planning Department: Mr. Chairman, would you like to look at that page in the report, and break down the Director of Planning Department?

THE CHAIRMAN: Yes.

MR. ELSON: The Traffic Study section is W. Q. McNee. This man is going to be doing the same work, but he is grouped under this organization with a new title.

The Road Plans and Priorities Section; at the present, we have made no appointment. Location Surveys Section; the Location Engineer will be K. H. Siddall; the Statistics and Economics Section, the Statistician is P. Wade. In the Personnel Manager's Branch, all the sections are vacant at the present time. It was our idea there that rather than make any appointments, we should wait until we get the head of the department so he can concur in the help which will be available to him.

Page 48, Services Manager in the Purchasing Section, S. R. Welby, who is at present doing that job, or was doing it before being appointed to this new section.

The Property Section, Superintendent of Properties, H. P. Jones.

Stores and Equipment Section; in the Equipment section, it was our thought we might break that down into two sections, so that we put T. Johnston in charge of the Equipment Section.

Surveys Section, Superintendent of Title Surveys, H. S. Howden.

The Contract Section, the Tenders Secretary has not been appointed.

Reference page 50, Financial Comptroller is J. L. Zoller, and the Assistant to the Comptroller is not filled. In the Accounting Section, the General Accountant is L. Teetzel. The Budget Section, the Budget Accountant position is vacant. Internal Audit Section, the Internal Auditor is F. A. Garratt. The Office Service section is vacant.

Reference page 53, Construction Engineer, J. Walter; Consultant to the Construction Engineer, T. F. Francis.

THE CHAIRMAN: That is additional. That is not recommended on the chart?

MR. ELSON: I beg your pardon?

THE CHAIRMAN: That is something additional?

MR. ELSON: No, we put that in extra, Mr. Chairman. The idea behind some of these names is that

we do not want to get rid of the men, because of their experience and their ability, but it was our decision not to have them any longer in charge of the department, due to two or three reasons. But we wanted to utilize all the knowledge they had, and the years of experience they have behind them, as consultants to the new heads of departments. All these men have been interviewed by myself, and as far as I can judge, their reaction to the organization is a sympathetic one, and they have been left -- here again, as far as I can judge -- with a complete feeling of co-operation in making their services and experience available to the new head of the department.

MR. OLIVER: Who was Francis before?

MR. ELSON: Francis was Construction Engineer, before.

MR. OLIVER: And he is Consultant?

MR. ELSON: He is Consultant to the new Construction Engineer.

MR. OLIVER: Is he retained on his present salary? What is the financial arrangement?

MR. ELSON: He will be retained, to the best of my knowledge, with his existing salary.

Incidentally, while on the subject of salaries, we have made recommendations to the Civil

Service Commission with respect to increases in salary with
the Civil Service range. I have not the list here,
but for all of these appointments and, to the best
of my knowledge, they have been approved. The
individuals have been warned of that, and the feeling
in some cases where there has been a nice increment
raise/^{is due}in part to the fact a man has been promoted to
a new position, and partly due to the fact his normal
increase has been held up. It being substantial in
some cases, I think the feeling which has been developed
by these increases is that it will not only help to buy
more groceries, but it is helping their spirit and
morale and their attitude toward the re-organization.

MR. OLIVER: Will Francis get the same salary
as Consultant as he did as head of the department?

MR. ELSON: Yes, he will be retained with
existing salary, to the best of my knowledge.

MR. OLIVER: Will the new head of the depart-
ment get an increase in salary?

MR. ELSON: The figures I have not here,
unfortunately, and I do not remember whether the value
of his position has been increased. I am pretty sure
it has been. Do you remember that, Mr. Zoller? You
have not that list?

MR. ZOLLER: I have not that list here.

MR. ELSON: Would you like us to get that list of increases?

MR. OLIVER: I think it would be helpful. The head of the department should go up a dollar or two more than the Consultant.

MR. ELSON: I am pretty sure that is it, but I would not like to commit myself without the facts before me.

MR. COLLINGS: Will the Divisional Engineer be in charge of the Municipal Engineer, too?

MR. ELSON: No. For the present, we have left the Municipal Engineer set-up the same as it was before. It is our intention within the next few months, to study Divisional, Maintenance and Municipal Engineering, with the tentative idea in mind that at some time in the future, if our findings are correct, of combining the Municipal, Divisional and Maintenance work under one head who would possibly, in the description, be Manager -- that likely will not be the title -- but Manager of the Highway Department in that district or division.

MR. COLLINGS: Yes?

MR. ELSON: And then under him, would be the Divisional Engineering, Maintenance and Municipal. By doing that, we do not feel it would detract from the

ability and experience which is available at the present time by the Municipal Engineer. He is still there and still acting, but there is one head who is coordinating and organizing and who is responsible to Head Office for all the operations of the highway group in that particular division.

MR. MAPLEDORAM: Would he be an engineer, necessarily?

MR. ELSON: Yes, that is my opinion, because that is the very type of work and atmosphere in the field at the present time with respect to municipal work. We have enough problems ahead of us trying to put this re-organization into effect, without interfering with the municipal set-up, so we are letting that stay and operate as it is now.

MR. MAPLEDORAM: You have a new Chief Engineer?

MR. ELSON: Yes, we have.

MR. MAPLEDORAM: And retained the other man as a Consultant?

MR. ELSON: We are retaining everyone as a consultant with one exception.

MR. JANES: But in every instance, these men are at the retirement age, are they not?

MR. ELSON: One man was well on to retiring age; one man is I would say, within two or three

years of retiring age, and the reason we did not put him in charge of that particular department, in one case, was that he has not, to the best of our appreciation, the physical ability to carry on as a department head in the way he would have to carry on. So I presented the problem to him and there was a certain natural feeling of regret that he had not been chosen as department head, but after three-quarters of an hour's explanation, I feel I described the situation sufficiently well that he is now in a spirit of co-operation at being Consultant to the Chief Engineer. And the young man who has had experience and is a good man will be departmental head.

The Road Designs, Reference page 53 is vacant. Special Projects Engineer, H. L. Main. Contract Control Section, H. A. Tregaskes.

THE CHAIRMAN: That is the Mr. Tregaskes who was with us last week?

MR. ELSON: Yes, sir.

THE CHAIRMAN: He is now Contract Control Engineer. Does he still handle the Trans-Canada?

MR. ELSON: Yes. Mr. Tregaskes is being available for the particular part of the trip for which I told you he would be available, Mr. Chairman.

Soils and Material Section, Soils Engineer,

F. C. Brownridge. Field Inspection and Drafting Section are as will unfold.

In the Bridge Engineer's department, page 55, Bridge Engineer, H. Lamont.

MR. COLLINGS: At page 52, Drafting Section, the Supervisor of Drafting, that is vacant, is it?

MR. ELSON: Yes it is, sir. The Consultant to the Bridge Engineer is A. Sedgwick, and he will be Special Projects Engineer and Consultant at Burlington Bridge.

THE CHAIRMAN: Do the reporters all have copies of this material, and the statements you are making?

MR. ELSON: No. The copy I have and the copies I gave you, at the present moment are the only ones in existence, exclusive of the one Mr. Freeman received, and which I understand is the one upon which the press release will be made.

THE CHAIRMAN: The Press do not have it with them at the moment?

MR. ELSON: No.

(page 1002 follows)

THE CHAIRMAN: Mr. Deputy Minister, you have stated, have you not, that you are making the complete list in connection with this?

MR. ELSON: Yes. This (indicating), Mr. Chairman, is what started it.

HON. MR. PORTER: But have you not a further statement which is typed out, which could be handed to the reporters?

MR. ELSON: This is the statement.

HON. MR. PORTER: You are simply going to make it verbally?

MR. ELSON: Yes, and then also the hon. Minister is preparing a statement in conjunction with Mr. Freeman, this being the basis, to the best of my knowledge, of his statement.

HON. MR. PORTER: Yes, I see. Thank you very much.

MR. OLIVER: Was there not a Mr. MacLachlan?

MR. ELSON: Yes, there was a Mr. MacLachlan.

MR. OLIVER: What was he?

MR. ELSON: He was Contracts Engineer.

MR. OLIVER: What happened to him?

MR. ELSON: He wrote me a letter on Friday and asked that we accept his resignation.

MR. OLIVER: Are you going to keep him on as a Consultant, too?

MR. ELSON: It was our intention to accept his resignation.

MR. OLIVER: I suppose he is nearing pension?

MR. ELSON: I think it is around two years.

MR. OLIVER: How many others would there be in the category of Mr. MacLachlan, who were in the Department, and are not in the re-organization?

MR. ELSON: None other as far as I know.

MR. OLIVER: He is the only one? Will Mr. MacLachlan get his pension now?

MR. ELSON: As far as I know, he will. Perhaps Mr. Foster can answer that.

MR. C. J. FOSTER: (Chairman, Civil Service Commission): Yes.

MR. OLIVER: He is entitled to a pension?

MR. ELSON: Is that correct, Mr. Foster?

MR. FOSTER: Yes, he will get a pension.

MR. ELSON: Do you want me to carry on?

MR. OLIVER: Just one thing. Did you ask for Mr. MacLachlan's resignation?

MR. ELSON: No, I did not ask for his resignation. I had him in my office Friday, and explained the situation, and during the discussion, he

said that he would ask that his resignation be accepted.

MR. OLIVER: Did you have an allocation for him prior to your interview with him Friday?

MR. ELSON: No, not in detail. No, we did not. We could have used him as a consultant engineer.

MR. OLIVER: But you did not yourself, and no one else of whom you know, ask Mr. MacLachlan for his resignation?

MR. ELSON: I do not think anyone asked him for his resignation. During the course of the conversation I had with him, due to my description of what we were going to do, or what was going to happen, there is a possibility that it might have been suggested he would be better off.

MR. OLIVER: Well, why did he not fit into the picture?

MR. ELSON: Because, after careful consideration, and recommendations from the people who are my advisors, we felt it would be better to put another man in charge of that department.

MR. OLIVER: Why, though, Mr. Elson?

MR. ELSON: I think possibly it was the idea of age, and the ability to organize, and things of that nature.

MR. OLIVER: There were no irregularities associated with it?

MR. ELSON: Not to the best of my knowledge, no.

MR. OLIVER: I think the Deputy Minister should tell us just what the reason was. There must have been an underlying reason.

MR. ELSON: I think I can sum it up by saying we preferred another man be put in charge of that department.

MR. OLIVER: Yes, but when you prefer another man to be put in charge, you strongly suggest there is something wrong with the man you are replacing.

MR. ELSON: No, I am not suggesting that. When I am suggesting that another man be put in charge, I am suggesting that he would be better; I am not suggesting anything wrong with the man who was in charge.

MR. OLIVER: Did Mr. Gordon suggest any irregularity in respect to Mr. MacLachlan's position?

MR. ELSON: No, not to the best of my memory. After consideration, it was our opinion that a new man should be in charge of the department.

MR. COLLINGS: What department was it?

MR. ELSON: Contract.

MR. OLIVER: There was a rumor, Mr. Elson; perhaps you have heard it; that under Mr. MacLachlan,

there was quite a substantial increase in a particular contract; that had nothing to do with the decision?

MR. ELSON: I have heard all sorts of rumors around the streets months and months before I came to the department, possibly, but as far as Mr. MacLachlan is concerned, I never heard any specific rumor.

MR. OLIVER: Have you tried to find out if there was a substantiation for those rumors?

MR. ELSON: Well, I put myself in a position of not going back into the past of the Highway Department. I felt that the present and the future were just about all I could handle. In going into each particular set-up, I am automatically embarrassing myself with respect to existent members by suggesting, or even by enquiring, I think possibly that what had gone on before was not right. Now, I would not do that for the world. I am assuming that this Department and the individuals are excellent representatives of their particular professions, and I am re-organizing on that basis. I cannot afford to suggest for a minute that there is anything wrong with anybody who is going to operate under me, because automatically I lose his loyalty and confidence.

MR. OLIVER: If you have any doubts of a man, you just let him go and replace him?

MR. ELSON: If I have any doubts of a man, it has been my practice in the past, if I feel there is a better man to do the job, I generally put the better man in the position.

MR. OLIVER: You had some doubts about Mr. MacLachlan?

MR. ELSON: I did not have any doubts about Mr. MacLachlan. May I answer to the effect that I preferred the other man as a better man for the position that was vacant.

THE CHAIRMAN: Where is it on the chart?

MR. COLLINGS: Page 52.

MR. ELSON: It is not under the same description. It is "Contract Control Section".

THE CHAIRMAN: I would like to get my position right. What page are we opposite now?

MR. COLLINGS: 52.

THE CHAIRMAN: Are we back at 52? "Chief Engineers"?

MR. ELSON: Page 53 is "Construction", Mr. Chairman.

THE CHAIRMAN: 53, yes. Now, that is the "Contract Control", is it?

MR. ELSON: "Contract Control Section".

THE CHAIRMAN: Yes. The previous office you

were referring to which was occupied by Mr. MacLachlan was known as "Contract Engineer". Is that it?

MR. ELSON: To the best of my knowledge, that is correct.

THE CHAIRMAN: Alright, go ahead please.

MR. ELSON: We had completed the Municipal Engineer and Maintenance, and so on. Now we get down into the Division Engineers, and I can read those from this sheet.

MR. MAPLEDORAM: Has there been any change in that?

MR. ELSON: Yes, some of the Division Engineers have been changed, and have been brought in from the field to cover off these three Inspecting Engineers. We have to fill those positions. There has been a re-organization in respect to Divisional Engineers.

THE CHAIRMAN: Would you indicate which ones are changed then?

MR. OLIVER: I want to ask Mr. Elson this one point, which I think he can answer easily. In the list you have read to us, up until now how many men have been brought in from the outside who were not connected with the Highway Department before, or is it just a re-shuffle within the Department itself?

MR. ELSON: It is a re-shuffle within the

Department.

MR. OLIVER: And there are actually no new men brought in?

MR. ELSON: No, not yet. I am the only new man, to the best of my knowledge, in the Department of Highways, at this level.

THE CHAIRMAN: Following that, how many of these gentlemen are men who have been moved up very definitely to a higher position, would you say?

MR. ELSON: Well, that may be rather difficult for me to answer, not knowing the details. Is Mr. Clarke here?

MR. JOHNSON (Secretary): There was a telephone call for Mr. Clarke and he is absent at the moment.

MR. ELSON: Could I leave that for Mr. Clarke? I may get mixed up in the odd name.

MR. GORDON: I think it is difficult for Mr. Elson to answer that question, Mr. Chairman. What he has done is switch from one organization to another and taken the people who are doing jobs, and fit them in where they fitted best in the new organization. And, as he says, it is a re-shuffle.

THE CHAIRMAN: Yes, but in that re-shuffle, I am wondering if you are bringing to the fore, some new

material?

MR. ELSON: Oh, definitely. A number of Division Engineers who were in a lower capacity, that is, they did not represent as large a division before, will now be working in a division which will give them more responsibility and, as far as I can remember, more remuneration.

THE CHAIRMAN: I would just like to say at this point that it is still limited. By the time we finish our trip, we will have a much more exhaustive basis to judge from, but in my judgment from what I have seen in our travels, there is plenty of excellent material in your Department to choose from for promotion. You do not have to go outside. That would be my observation.

MR. ELSON: That is correct to the best of my knowledge. But I have not had the personal opportunity to confirm that in my own mind.

MR. OLIVER: That emphatic statement, of course, suggests they were not in their proper positions previously.

MR. COLLINGS: That could be.

HON. MR. PORTER: Well, as I understand it, this is more than a re-shuffle. There are a number of new positions with a different type of responsibility

attached to them, than perhaps was apparent before.

MR. ELSON: That is right, sir.

HON. MR. PORTER: And there is really a new chain of command. In other words, the relations of these various officials to the Deputy Minister, has been changed very much along the lines recommended by the Woods, Gordon report.

MR. ELSON: That is correct.

MR. OLIVER: Let us hope the change will be for the better.

THE CHAIRMAN: Mr. Elson, I just had a request from the Press, by which it seems there has been either a misunderstanding or I was under the impression you were making a statement here this afternoon that probably would be something the Press would like today. But I think perhaps from what you said earlier, you indicated the hon. Minister and Mr. Freeman were making that statement?

MR. ELSON: To the best of my knowledge, that is so. I have not had physical or mental contract with the hon. Minister since before luncheon, and I do not know, but that was my understanding. I can check that, Mr. Chairman.

THE CHAIRMAN: These gentlemen were just thinking of their deadline, and they would like to

know, and they wonder if there will be anything forthcoming.

MR. ELSON: Mr. Zoller has just handed me a Press release which Mr. Doucett has approved.

THE CHAIRMAN: This would be the statement now, then?

HON. MR. PORTER: Is this the Press release from the Minister?

MR. ELSON: Yes. It is a Press release from the Minister.

HON. MR. PORTER: We do not want to interrupt.

THE CHAIRMAN: Mr. Zoller, has that been released to the Press?

MR. J. L. ZOLLER: (Financial Comptroller): No, I do not think it has. It has to be released, Mr. Elson, here, first.

MR. ELSON: We unfortunately have been in two different parts of the world this afternoon.

THE CHAIRMAN: We are not worried, but the Press is. I think that is the situation. They would like to know if there is anything right now. They are getting to a deadline.

HON. MR. PORTER: I do not think Mr. Elson should be asked to submit a statement which is not his own.

MR. OLIVER: Unless it is read, and the Committee decides whether it should be released to the Press.

HON. MR. PORTER: Well, is this authorized to be released?

MR. ELSON: If I may request the privilege of confirming this through communication with Mr. Doucett, and also having a few minutes to read this, I can answer the question.

HON. MR. PORTER: I think Mr. Elson should go on with his explanation. I think that could be held aside for the moment. That is a statement from the hon. Minister.

MR. JANES: That is right. It is the hon. Minister's statement.

THE CHAIRMAN: Well, it has arrived here.

MR. COLLINGS: For some reason.

THE CHAIRMAN: Yes, for some reason.

MR. JANES: Yes, somebody must have "slipped something over."

MR. ELSON: Do you wish me to continue, Mr. Chairman?

THE CHAIRMAN: Yes, please.

MR. ELSON: I will read the list of Division Engineers and the Division which they will in the very near future

be responsible for?

THE CHAIRMAN: Yes. And if you would indicate where there are new appointments, as you go along?

MR. ELSON: Well, I may get mixed up in a few names. Many these are unfamiliar. May I let Mr. Main carry on from here? I would prefer it.

MR. H. L. MAIN (Special Projects Engineer):
No. 1 Division, Chatham, Mr. Howell. I will indicate whether they are new appointments or just transfers.
No. 2, London, W. L. Fraser. No. 3 Division, Stratford, B. R. Heavysege. That is a new appointment. No. 4, Hamilton, R. E. Richardson. No. 5, Owen Sound, W. A. Anderson. That is a transfer. No. 6, Toronto, C. Fraser. That is a transfer. No. 7, Port Hope, M. N. McEwen, a transfer. No. 8, Kingston, L. Walker, a transfer. No. 9, Ottawa, G. O. Grant. No. 10, Bancroft, H. Duff. No. 11, Huntsville, H. C. Dernier. That is a recent transfer, but it has been in effect for two or three weeks, and I think it was announced before. No. 13, North Bay, R. A. Panter. That is a new appointment. No. 14, New Liskeard, G. F. Wetherall. That is a recent appointment of about a month's standing. No. 16, Cochrane, J. B. Wilkes, a recent appointment of roughly a month's standing, and it has been announced before this. No. 17, Sudbury, W. S. Cole. No. 18, Blind River, G. H. Lowry. No. 19, Fort William E. A. Cash. No. 20, Kenora, E. H. Jones, a new

1890

1. The first part of the paper is devoted to a general discussion of the subject.

2. The second part is devoted to a detailed examination of the various cases.

3. The third part is devoted to a summary of the results.

4. The fourth part is devoted to a discussion of the various applications.

5. The fifth part is devoted to a summary of the results.

6. The sixth part is devoted to a discussion of the various applications.

7. The seventh part is devoted to a summary of the results.

8. The eighth part is devoted to a discussion of the various applications.

9. The ninth part is devoted to a summary of the results.

10. The tenth part is devoted to a discussion of the various applications.

appointment.

THE CHAIRMAN: Then the Municipal Engineers?

MR. ELSON: For the Municipal Engineers, Mr. Chairman, we will have to summon the aid of Mr. Clarke for a description of these names.

MR. OLIVER: What is the status of Patterson, who used to be at Huntsville? Is he still suspended, or fired, or what? He does not appear on the sheet at all.

MR. ELSON: I do not know. Do you know that, Mr. Zoller?

MR. OLIVER: He is still under suspension, I am told.

MR. ELSON: As a matter of fact, in all fairness, I imagine he is, if that is the statement of Mr. Zoller. He has not been here since I came.

HON. MR. PORTER: The announcement was made, I think, during the Session of his suspension.

MR. OLIVER: And he is still under suspension by the Department?

HON. MR. PORTER: I do not know.

MR. OLIVER: That is what I want to get at. He is still in the category of the suspended, is that it?

MR. ELSON: I am afraid I cannot answer that.

HON. MR. PORTER: Was he a Divisional Engineer?

MR. OLIVER: Yes.

HON. MR. PORTER: Well, they have a new Divisional Engineer at Huntsville, so that seems to answer that.

MR. ELSON: Mr. Zoller just confirmed the fact that he is still suspended.

THE CHAIRMAN: You want to have Mr. Clarke here, do you?

MR. ELSON: Yes, I will need his assistance.

---The witness temporarily retired.

THE CHAIRMAN: Perhaps we will cover one or two other items on the agenda in the meantime. On the question of contracts, Mr. Gordon Hewitt is here, I think, and I would ask Mr. MacTavish, Counsel for the Committee, and Mr. Hewitt perhaps to give us a statement on the form of contract. At this stage, that might be put on the record, as Mr. Hewitt, I think, has prepared it.

G O R D O N H E W I T T,

appearing before the Committee, but not being sworn, deposes and says:

THE WITNESS: Mr. Chairman, I had hoped to be able to make some comparison between some of the contracts that have been put in evidence before you at previous hearings and our own. Those unfortunately did not become available and it is for that reason not possible to make that comparison for you. The contracts themselves have been under consideration by

counsel in connection with the various things that have gone before, and I have not been responsible for that. I have not even been consulted in the department with regard to the contracts themselves.

I have copies of the forms of contracts that are being used. I think some of the forms have already been placed before the Committee. They are made up by a main contract which is supplemented by the documents that are issued in connection with the tenders. When tenders are called, they make up --

THE CHAIRMAN: Mr. Hewitt, I think perhaps just to get the point here that I wanted to get on the record, to what extent is study being made at the moment on the terms of those contracts? I understand that you have recently been seconded -- is that the word? -- to the Department of Highways?

MR. HEWITT: Yes.

THE CHAIRMAN: And some time ago, I asked Mr. MacTavish if he would do some work on the legal angles of contracts for future use, and he has been talking to you. Now, I realize that work is not very far advanced at the moment, as far as the immediate research is concerned, but I wondered if at this stage you could put on record perhaps in a short report, what is getting under way on that? I do not know that we necessarily want the description of the contracts, because

a month or so ago we had the forms in front of us here.

MR. HEWITT: Yes.

THE CHAIRMAN: And went over them, but the question was to what extent they are being examined by legal talent for improvements?

MR. HEWITT: The contracts that are in effect are being studied by Counsel, and a recommendation will, I know, come from those studies, based on the experience of the contracts as they have been operating and with recommendations for their possible improvement and perhaps for their -- well, closer observance. As I think has been discussed before, they have sometimes I believe in the past been difficult to--and possibly in some case it would have been unfair to--have invoked the terms of the contracts to their fullest extent. I think that in future will be taken care of by seeing to it that at the time the contracts are made they can fairly be strictly construed and strictly enforced. Studies are definitely being made.

THE CHAIRMAN: There are a number of examples, we got some of them in New York and will probably get some in North Dakota, but studies are being made with a view to improving the contract?

MR. HEWITT: Yes, and I might say that I

have obtained from the Ontario Hydro Commission some of their forms of contract, which I think we will find helpful, both their road making contracts and their contracts for other purposes, their construction contracts and the various special clauses which they use, many of which may be applicable to ours. I notice that some of them I have seen are quite similar to many of the clauses in our own contract.

THE CHAIRMAN: Then, if the Committee is agreeable, we will leave with Mr. MacTavish, in conjunction with Mr. Hewitt, the work of developing that end of the subject. It may be that it will have to be left in other hands later, but this Committee should not overlook the fact that the contract is very important and we may want to make some recommendations in respect to it. I think that covers it, Mr. Hewitt, pretty well on this point. Thank you.

Now, Mr. Foster is here. Mr. Elson, what about Mr. Clarke?

MR. ELSON: Mr. Clarke has not yet arrived.

THE CHAIRMAN: Then, perhaps we might have Mr. Foster here for a few moments. I think perhaps this has been reviewed to some extent by what you said here earlier. Mr. Foster is the Civil Service Commissioner. Should we go through the formality of swearing the Commissioner in? I think it is unnecessary. Is

the Committee agreeable that we do not swear Mr. Foster?

HON. MR. PORTER: It is more of a report.

If he gets on dangerous ground, we can swear him.

C. J. F O S T E R,

Civil Service Commissioner (Ontario) appearing before the Committee, not being sworn, deposes and says:

THE CHAIRMAN: Mr. Foster, you may have some observations to make to this Committee in relation to the general salary problem. That, to some extent, I take it, has already been worked out, from what Mr. Elson said a few minutes ago. However, I think the Committee should have some knowledge about your general system here.

MR. FOSTER: Yes, Mr. Chairman, you sent me a resume of the salaries which are now paid in New York State, and I made as good an analysis of them as I could, recognizing, of course, that it is very difficult to compare classifications without knowing the exact duties of the position. That is a difficulty which we always experience in civil service affairs, trying to make a comparison of the exact duties applicable to any particular position.

However, I see that the New York salaries for engineers run from about \$4,100 to \$14,000, or \$15,000. --I am only able to make an approximation -- in comparison with the Ontario salary range for engineers of

\$3,600 to commence with, to \$10,000 for the top brackets.

On the other hand, I noticed on the list which you gave me that the salaries for Senior Draftsmen in New York ran from \$3,700 to \$4,200. A similar position in Ontario runs from \$4,100 to \$4,900, which is somewhat higher. I do not know what the explanation for that is, because it is my experience that salaries over in the States are usually about 20 to 25 percent. higher than we pay here.

THE CHAIRMAN: A 20 or 25 percent. differential

MR. FOSTER: Yes. Incidentally, of course, it has a bearing on the situation that the superannuation benefits in New York State are considerably lower than they are in Ontario. If recollection serves me correctly I think in New York State the contributory rate is from 3 to about 16 percent., depending upon various circumstances and that the benefits approximate 1.43 percent., for each year of service, as compared with 2 percent. in Ontario, which makes quite a considerable difference in the benefits.

I may say, Mr. Chairman, that the Commission belongs to an organization known as the Civil Service Assembly of the United States and Canada, and one of the purposes of that organization is to assemble salary data from the various jurisdictions, both in Canada and the

United States, for purposes of comparison. A booklet is issued each year showing salaries for positions which can be pretty closely identified in each jurisdiction. For example, they have Junior Civil Engineers, and the way they have of getting the information is to send a questionnaire to the various jurisdictions and say: "Junior Civil Engineer, we conceive the duties to be as follows:

"Under supervision, top level profession, field and office, special engineering work; work usually requires extensive vocationalized training and involves designing of streets, highways, sewers and public structures, preparation of plans and specifications, contract documents in respect of construction work, perform research and develop projects."

With that definition, the various organizations then send in what the salaries are paid for that particular type of work, irrespective of what the title may be, in some jurisdictions they might call him a Junior Engineer, or an Engineer, Group 1.

THE CHAIRMAN: But approximately the same qualifications?

MR. FOSTER: Yes, and I have and will hand it to you, Mr. Chairman, the salary ranges for that particular job in various states in the United States and Canada. In Ontario, that position would pay from \$273. to \$335., a month. The United States Government pay

from \$284. to \$347., New York State \$311. to \$351., North Dakota \$305. to \$405., a month, and so on down the list.

THE CHAIRMAN: Will we be able to have that?

MR. FOSTER: That is as of January, 1954, there has been some revision since then (producing document to Chairman).

MR. JANES: Pensions considered, there is not much difference in the final returns, is there?

MR. FOSTER: That is true, sir.

THE CHAIRMAN: Would you say that the rate here is more or less in line with the states you have compared?

MR. FOSTER: Yes, I would think so. I think Ontario is pretty well in line with what is paid in other jurisdictions. The Dominion Government, you may notice, is a little higher at the moment, because they effected some raises there a few months ago.

THE CHAIRMAN: You are referring now to Junior Civil Engineers?

MR. FOSTER: Yes, that is a position with respect to which we are able to make a valid comparison.

THE CHAIRMAN: That is the starting grades of an engineer?

MR. FOSTER: Yes. The higher you get in the

Service, the more difficult comparison is, because of the different structural makeup in the various states and provinces. There is more differentiation in the higher positions than in the lower ones.

THE CHAIRMAN: It was stated on our trip up North last week, that a fairly substantial number of engineers had recently been obtained by the Department of Highways, and I suppose you would have that information, too.

MR. FOSTER: A number of new engineers?

THE CHAIRMAN: Yes, since the first of January this year.

MR. FOSTER: Yes, I could get that for you, but I do not have it here. I brought along a few notes which I thought might be useful. I would like to mention, in connection with pay rates, that we do not appear to have been doing too badly with regard to retaining engineers on the staff. From the annual report of the Commission, Mr. Chairman, that is the last annual report, I quote the number of separations in the Civil Service from the regular and temporary staff.

In 1949, because of death, superannuation, dismissal or resignation, the turnover of staff was 22 percent. In 1950, it was 20 percent; in 1951, 19 percent; in 1952, 17 percent, and in 1953, 16 percent.

I thought you would be interested to know what the same turnover was in the Highways Department as compared with the entire Service, and I was rather surprised myself at the figures. Compared with the 22 percent. in 1949, the Highways Department turnover was only 5.8 percent. It was 6 percent., in 1950, 7.8 in 1951, 5.7 in 1952, 6.1 in 1953, and 7.2 in 1954. So that the percentage of turnover in the Highways Department is very much lower than in the balance of the Service.

THE CHAIRMAN: What is the over-all rate?

MR. FOSTER: The over-all rate varied from 22 percent., in 1949, to 16 percent., in 1953, -- a gradually diminishing figure.

MR. ELSON: Mr. Roberts, may I leave to call the Minister, please?

THE CHAIRMAN: Yes, certainly.

MR. FOSTER: I do not know just what inferences one may draw from that. Possibly the staff are more satisfied with the salaries. One would consider that as a valid inference to make.

THE CHAIRMAN: I do not suppose anybody is satisfied with the salaries to-day.

MR. FOSTER: Well, satisfied enough to stay on the job, anyway.

THE CHAIRMAN: However, you feel that by comparison, we do not seem to be out of line?

MR. FOSTER: That is my feeling. Now, I could give you the figure of turnover in staff for the United States Federal Service, as I just happen to have got this from the annals of the Academy of Political Science, March 1954. The turnover of staff in that jurisdiction was 27 percent. in 1953, and it is also commented in there --

THE CHAIRMAN: It has been suggested that there might be a political complexion to that last figure you gave?

MR. FOSTER: No, I think not.

HON. MR. PORTER: What was the last figure?

MR. FOSTER: That was for 1953, some time after the election.

THE CHAIRMAN: Twenty-three percent?

MR. DENT: Twenty-seven percent.

THE CHAIRMAN: Twenty-seven.

MR. FOSTER: I think in industry it is considerably higher, because the same authority shows the turnover was twice that in industry.

THE CHAIRMAN: Mr. Foster, I think Mr. Mapledoram has a point here we have had up several times.

MR. MAPLEDORAM: I was wondering why, in the

list of personnel in the Highways Department, there were so many of them who were not eligible for Civil Service?

MR. FOSTER: Are you referring to the casual staff?

MR. MAPLEDORAM: Yes, but there was a whole list given to us of grademen and people like that.

MR. OLIVER: Who were there the year 'round.

MR. MAPLEDORAM: Yes, who were there the year 'round, but were not covered in that way. Mr. Gordon had it.

MR. GORDON: We quoted a figures of 80 per cent. I would like to ask Mr. Foster if the figures he quoted included the temporary staff?

MR. FOSTER: No, that is the temporary and permanent staff. Of course, I can only make comparisons with the temporary and permanent staffs in the other departments.

MR. MAPLEDORAM: But I think what we were more concerned with was the type of work the people were doing and why they were not covered in the Act?

MR. FOSTER: There ~~is~~ nothing in the Act which would preclude them being covered. -

HON. MR. PORTER: I thought some of those categories were precluded by some Statute.

MR. FOSTER: Yes, I have something here.
I thought that might be asked.

THE CHAIRMAN: You are going to put this on the record, are you, or just hand it in? Would you like to read it?

MR. FOSTER: Yes.

THE CHAIRMAN: Explain it, if it is not necessary to read it all.

MR. FOSTER: I think the situation that has developed in the Highways Department was simply this, that from year to year the Department never knew just what appropriation it would have for construction work and necessarily they hired quite a number of casual workers each year in the construction season, and in the winter time those workers were laid off. Down through the years of course with the construction of hard surface roads, and the expense of the motor cars, it was necessary to keep the highways open in winter, too. So with snow clearing, and so forth, the men who had previously been laid off now found employment during the entire year. The situation changed as the years went by. Possibly that has not been recognized to the extent it might have been.

With regard to the exclusions from the permanent staff which are noted in the regulations, I have

prepared this statement, which gives the modus operandi.

THE CHAIRMAN: This statement might be typed right into the record. . .

MR. FOSTER: Yes, I do not need to read it, then, or shall I read it?

THE CHAIRMAN: You have explained it.

MR. FOSTER: It reads as follows:

"Civil Servant: For various purposes relating to pay, conditions of employment, vacations, the taking of Oaths, superannuation, etc., the term 'Civil Servant' has to be clearly defined.

"In the Public Service Act 'Civil Servant' is defined as:

'A person appointed to the service of the Crown by the Lieutenant-Governor in Council or by a minister but does not include the persons or classes of persons designated by the regulations made under Part I'.

"For purposes of administration it would be quite impossible to consider as civil servants each and every person the Province may employ. For example, it would be necessary to administer the Oaths of Office and Allegiance to them before any salary could be paid. Such Oaths must be recorded and filed in the Department and with the Civil Service Commission. From the salary there

"would need to be deducted payments into the Retirement Fund. A certificate would have to be issued by the Commission, which the Minister or the Lieutenant-Governor in Council would have to approve. For short periods of employment, therefore, and sometimes for longer periods depending on circumstances, persons are employed without recourse to the various formalities mentioned.

"In the Regulations the persons thus excluded are broadly defined as employed:

- (a) Part-time
- (b) In a consultative capacity
- (c) At hourly, daily or weekly rates of pay.

"Also excluded are persons who are appointed as civil servants but who resign or are dismissed before having taken the Oaths of Office and Allegiance. This is, however, merely a method to permit salary to be paid without unnecessary formality and delay.

"At the time the Regulations were printed each Department was consulted by the Provincial Secretary to ascertain whether any other exclusions were deemed necessary or advisable. The Department of Highways submitted a list of classes and these were added specifically to the broad exclusions

"already mentioned. I think that possibly one of the reasons for these specific designations may have been that payment was made monthly and they were not, therefore, excluded by the designation relating to hourly, daily or weekly rates of pay. Alternatively, of course, the Department could have instituted payment by the hour, day or week and dispensed with the specific designations."

MR. MAPLEDORAM: We want the cooperation of the people in it. I know in my riding, there are many dissatisfied people in the Highways Department because they are not going to be eligible for pensions, and if there is any way these people could be covered, I think it would be the right thing to do.

MR. FOSTER: I might say, we have a committee known as the Joint Advisory Council representing the employees and the government. I happen to be chairman of that committee and this is a problem which has come to the fore many times, complaints that the casual work had developed into permanent work, and that they should be appointed to the permanent staff. In an effort to deal with that, the official side asked the staff representatives to furnish us with a list of the people who had been on the staff for some years. We, in turn, sent that over to the Department of Highways with the

suggestion that those with the longest service should be given the first consideration, and steps should be taken to move them onto the permanent staff.

MR. MAPLEDORAM: Just one point there. If you include those people now, do you take into consideration the years of service they have given the Department, or take them on from "scratch"?

MR. FOSTER: No, if they were there before 1948, the years of service count.

MR. MAPLEDORAM: I see.

THE CHAIRMAN: That will in part then answer the recommendation in the Woods-Gordon report, item #12, "The number of casual employees on the Department's staff should be reduced considerably, and the number of permanent civil servants increased proportionately".

MR. OLIVER: It is fairly obvious, Mr. Chairman, that when you have 80 percent. on the casual staff, you are quite late in dealing with the situation -- years late -- I think we all recognize that. You cannot have 80 percent. of a huge force, such as the Highway force, on the casual staff and expect to get the morale that is necessary.

MR. MAPLEDORAM: I think that is half the trouble in the Highways Department.

THE CHAIRMAN: Is there any legislation that

would be required to implement that?

MR. FOSTER: No, not in my opinion.

MR. MAPLEDORAM: One more question. What is your liaison between headquarters, for instance, and your divisional engineer?

MR. FOSTER: I do not get that.

MR. MAPLEDORAM: What is the connection in regard to your Civil Service? Who makes the recommendations?

MR. FOSTER: As regards an appointment in the Highways Department?

MR. MAPLEDORAM: For instance, if I am a graderman and have been on the staff for 20 years, but am not on the permanent staff, what do I do in Fort William?

MR. FOSTER: The way to do would be to take the question up with your local committee of the Joint Council.

MR. MAPLEDORAM: Does that include all the civil servants in that area?

MR. FOSTER: Yes, and they would send it to the Departmental council.

MR. MAPLEDORAM: That man might be from the Department of Reform Institutions, or any department of government, but he is your representative?

MR. FOSTER: That is right.

MR. MAPLEDORAM: No direct identity from the Highways Department, that is the point I am trying to make. Say we had 300 employees out in the Fort William division, it might be there would be nobody from the Highways Department on that committee at all?

MR. FOSTER: That is quite correct.

MR. MAPLEDORAM: I do not think that is right. . . . That is my personal opinion.

MR. FOSTER: There might possibly be an employee.

MR. MAPLEDORAM: Yes, or he might be from Prison Reform or Mental Hospitals.

MR. FOSTER: Usually the employees try to get representatives from each of the departments which seems to be interested.

MR. MAPLEDORAM: We have about ten divisions of the Government in that area, and we might have only one man representing the group.

MR. FOSTER: Yes.

THE CHAIRMAN: Mr. Foster, I think that is all, unless you have something else to add. I think you have helped us quite a bit.

MR. FOSTER: I think this might be of some interest as indicating how the Joint Council has been

trying to deal with this question. It is an extract from the minutes of a meeting of the Joint Council held November 3rd, 1953:

"This special meeting of the Council was devoted entirely to the discussion of the status of casual employees, particularly in the Department of Highways. Mr. J. D. Millar, Deputy Minister of Highways, attended the meeting and the Council spent two and one-half hours reviewing the situation in all its aspects. The members of the Council recognized that there were special problems in the Department, depending to a considerable extent, on the volume of highway construction and maintenance, and also, possibly in lesser degree, on the seasonal nature of some activities, examples of which were detailed by Mr. Millar. At the same time the members of the Council felt that where actual experience indicated that an employee's work had been continuous he should be given consideration for contributory status for superannuation purposes and that, other things being equal, those with longest service should receive first consideration. It was considered that if the Department reviewed the situation along the lines indicated progress would be made. Mr. Millar stated he was quite agreeable to having such a review made."

I may say that a number have been moved onto the permanent staff.

MR. OLIVER: Is it the usual practice, Mr. Foster, under the Civil Service Commission to take the head of the Department and make him a consultant at the same salary as he received as head of the Department?

MR. FOSTER: The head of a branch, you mean?

MR. OLIVER: Yes, the head of a branch, rather.

MR. FOSTER: Yes, it has been done.

MR. OLIVER: We are not breaking new ground in this, at all?

MR. FOSTER: No. Mr. Neelands, for example, was retained in Reform Institutions when the new man was brought in. Sometimes it is advisable to do that in order to retain the continuity of direction.

MR. OLIVER: As long as it is the practice.

THE CHAIRMAN: Thank you very much, Mr. Foster.
---The witness retired.

THE CHAIRMAN: Now, we still have a few items he

MR. COLLINGS: Could we have the
Press Release?

THE CHAIRMAN: Are you ready to continue?

MR. ELSON: Mr. Clarke is here now, and could describe the changes, if you prefer to have it now.

MR. COLLINGS: What about the
news release?

MR. ELSON: Mr. Freeman just gave it to the
Press, of which this is a copy (producing a document).

MR. OLIVER: We should have it now, then,
should we not?

MR. ELSON: I just got it this second.

THE CHAIRMAN: I think the Committee would
like to know what is in it.

MR. ELSON: Shall I read it?

THE CHAIRMAN: Please.

MR. ELSON: Right, sir. It reads as follows:

"Issued by Highways Press Service, dated
June 15, 1954; subject: Re-organization, Ontario
Department of Highways.

"Complete re-organization of the Ontario
Department of Highways was announced today by Hon.
George H. Doucett, the Minister. Effective date for
the many transfers and new assignments of duty was
Monday, June 14th. The re-organization follows re-
commentations made by J. D. Woods and Gordon, Limited,
management consultants, who were employed to survey
the administration and operation of the Department
and include recommendations in their report.

"Under the re-organization announced, administration of the Department will be headed by the Deputy Minister, M. A. Elson, and the Chief Engineer, W. A. Clarke.

"Administration is broken down into five sections, namely: Director of Planning; Director of Personnel; Service Manager; Financial Comptroller; and Registrar of Motor Vehicles.

"Other branches of the Department of Highways are listed as follows: Construction Engineer; Bridge Engineer; Maintenance Engineer and Municipal Engineer. These new branches will have several other officials attached to them to take charge of specialized phases of Departmental service.

"Away from the Toronto head offices and throughout the Province of Ontario, there will be an administration composed of 18 division engineers looking after the King's Highways Section; and 19 municipal engineers looking after the Department of Highways municipal affairs.

"Additional appointments to complete the new establishments will be announced in due course. Those listed for the initial press announcement are as follows:

"Deputy Minister, M. A. Elson;
Assistant to the Deputy Minister, F. C. W. Flegg;
Chief Engineer, W. A. Clarke; Consultant to the
Chief Engineer, P. M. Higgins; Director of Plan-
ning, W. J. Fulton; Services Manager, C. A. Robbins..'

THE CHAIRMAN: Is that the same list again?

MR. ELSON: It is the same list, again.

THE CHAIRMAN: We do not need to have the
names then.

MR. ELSON: All right. Then the next
paragraph is:

"Division Engineers, who have adminis-
trative authority for maintenance and construction
of King's Highways in 18 areas of the Province of
Ontario are listed as follows.."

And then the Division Engineers are listed.

"Service rendered by the Ontario Depart-
ment of Highways to Ontario Municipalities is
administered by Municipal Engineers serving in 19
districts, as follows:"

And the names are enumerated, and that is the end of
the release.

THE CHAIRMAN: Do you want to clear this
point about the Municipal Engineers?

MR. ELSON: Yes, we can do it, sir.

M. A. E L S O N,

being previously heard and now recalled, having been
duly sworn, continues his testimony as follows:

MR. OLIVER: Mr. Elson, does this re-organization mean you are going to step up highway building in the Province?

MR. ELSON: I imagine, as far as I know the situation, the re-organization is going to be for what we think proper administration, proper control. I should imagine that if it works successfully, it will be instrumental in permitting the efficiency to exist that we hope is available.

MR. OLIVER: I think this is a fair question. What actually, in your judgment, is holding up highway construction in the Province?

MR. ELSON: Well, I am very sorry I am not in a position to answer that, due to my lack of experience in the Highways Department. I do not know.

MR. OLIVER: You mean, you have not taken any realistic steps to get it going since you came into the Department?

MR. ELSON: We have been taking very realistic steps within the limit of our organization at the present moment. We have been doing all sorts of things, Mr. Oliver, to carry on with our positions to the best of our ability.

MR. OLIVER: Here is my last question. Has the work of the Department been held up by the Treasury

Board?

MR. ELSON: No, not to the best of my knowledge.

MR. OLIVER: Thank you.

MR. COLLINGS: Mr. Chairman, may I ask Mr. Elson, following what Mr. Oliver said, are there contracts being advertised? Are there contracts which have already been advertised, and are waiting for closing dates? That is the only way you are going to get work done, is to get the shovels in on the road.

MR. ELSON: There are contracts which have been advertised that are waiting for closing dates, and there are contracts that are being advertised immediately.

MR. COLLINGS: I think that is what Mr. Oliver said. Is that what you wanted?

MR. OLIVER: No. Of course there are some contracts, Mr. Collings, we all well know, but the question is, as answered by someone here this afternoon, that the contracts being presently let are small in comparison with what was let a year ago. For instance, there has been a slowing down almost to the stagnation point in highway building in the Province.

MR. ELSON: If I may refer that to the Chief Engineer, who is very familiar with the details, I would appreciate that privilege.

MR. W. A. CLARKE (Chief Engineer): Last year we did have a great amount of work left in the Fall of the year, and there was quite a carry-over. I think there was something in the neighborhood of \$35-million-worth of work which was ready to commence this Spring, and we do have under way so many jobs. We are putting an ad. in -- this is not for publication -- I believe it goes in to-morrow, and the following day there will be another ad., and so on. At this time of the year I would say that our work, considering the carry-over, is just about normal. Mr. Zoller, I think, could give figures on that, Mr. Chairman.

THE CHAIRMAN: In other words, you are working pretty well to capacity, is that it?

MR. CLARKE: Yes, sir.

MR. OLIVER: What about the evidence of the contractors this afternoon, who said equipment was standing idle all over the place?

HON. MR. PORTER: His equipment was standing idle because he was not the low tenderer.

MR. CLARKE: That happens every year.

MR. MAPLEDORAM: He also said he had not been able to bid, and get the job.

MR. OLIVER: Then, would you say your present intention would be to spend \$135 million, or whatever it

is, by the close of the year?

MR. CLARKE: I would think so.

THE CHAIRMAN: Does Mr. Zoller want to add to that?

MR. CLARKE: Of course, \$135 million does not include the contract work.

THE CHAIRMAN: Mr. Zoller might perhaps do that.

MR. J. L. ZOLLER (Financial Comptroller):
Mr. Chairman, in connection with those contracts, Mr. Clarke stated \$35 million to \$36 million was a carry-over from last year, which is a huge amount of work to be done. In addition to that, we have about \$16-million-worth of contracts advertised and not even started this year. There is just coming up now \$6 million, that, as Mr. Clarke said, will be advertised in the next two or three days. On top of that, you have \$35 million maintenance expenditure coming up, that is ordinary expenditure that goes on every year. There are municipal road expenditures of \$31 million, which is \$3 million more than last year, and it may be \$34 million before the year is out. So I think that is quite a figure.

MR. OLIVER: You do not think you are slow getting started at all?

MR. ZOLLER: I do not think so, no. It is this huge carry-over, one of the highest we have ever had in the Department of Highways.

THE CHAIRMAN: I think for the information of members—and not saying just how many days the Leader of the Opposition (Mr. Oliver) intends to accompany this Committee -- those of us who have travelled so far and are continuing to travel, can see for ourselves there is a fair amount of road construction going on. Of course, we will see a great deal more when we get into northwestern Ontario.

(Page 1045 follows)

MR. JANES: Come with us and see what is going on. Do not stay around Toronto, you cannot see the work here.

MR. OLIVER: I attend all the Committee meetings I can, and I will be with you pretty well from now on. If I have lost anything from not being with you, I will have to suffer for it. There is nothing revealed yet very startling which I have missed.

THE CHAIRMAN: I suggest you read the text of the Albany trip.

MR. OLIVER: I will read it with great interest, I am sure.

THE CHAIRMAN: Then, gentlemen, Colonel Muir of the Professional Engineers is here. I think another ten minutes will conclude our work.

MR. COLLINGS: What about the Municipal Engineers? You were going to tell us about them.

THE CHAIRMAN: I am sorry, but I think Colonel Muir, with respect to the Professional Engineers production, might just indicate when they expect to have it available.

COLONEL J. M. MUIR: We regret we cannot present it today, but I hope to present it by the 28th.

THE CHAIRMAN: That is alright. I am sorry, now, Mr. Clarke, we got away from you a moment there.

MR. CLARKE: There are only actually four changes in the Municipal Engineers. Neilans, who was assistant in Huntsville, is being moved to Owen Sound and he is taking the place of Mr. Howard, who is being moved to Toronto. Marston, who was in Port Hope, is being moved to Toronto District, taking the place of Mr. Ludgate, who is becoming Municipal Engineer. Mr. Gorrie, who was in Bancroft, is being moved to Port Hope to take Mr. Maston's place, and French, who was the assistant in Bancroft, is being stepped up to the main engineer there.

Those are all the changes in the Municipal Engineers.

THE CHAIRMAN: Thank you, Mr. Clarke. Is Mr. MacMillan back from the Albany trip, where he went to see the letting of contracts?

MR. ELSON: Yes, sir.

THE CHAIRMAN: Mr. MacMillan, the Committee thought they would like to get a report of your visit there to see the letting of contracts.

H. D. MacMILLAN,

Construction Engineer, appearing before the Committee, but not being sworn, deposes and says:

THE WITNESS: As per the instructions of Mr. Clarke, I went down to Albany last Thursday, June 10th. The contracts were given about 3 weeks for calling, and the

hearing was at 10:30 in the morning. Maybe I should tell how they presented a contract into the office.

They are taken in at the Secretary's office, Mr. Cohen's office. They can send them in by registered mail or deliver them personally. They deliver them to his secretary, who is a woman 45 or something like that. She has an I.B.M. punch clock, and she puts them in and punches the time on them. That is very important. Those envelopes are saved from six months to a year. She records that on two lists, and she puts them in a wooden cabinet the size of that (indicating) with a slot in the top, and with a door on the side.

The letting closed at 10:30 and at about a quarter to eleven, they opened up the cabinet. I thought they would have a real fancy way of doing this, with a 31-storey building, but they took them out and put them on the floor in piles and sorted them out. There were 91 regular bids, and two small contracts shoved in, making nearly 100. They started to sort them out. At 10:30, bids closed, and by that time I was down in the hearing room. They were very strict. They have this time clock, and there were two bids which came in after 10:30 - one fellow missed it just by a couple of minutes - and they were turned down.

I think one fellow had to run so far, as he had parked so far away, he could not get there in time, and the secretary was complaining about these contractors, that they had three weeks and they held them until a few minutes before the end, and so on.

About a quarter to eleven, we went downstairs into the letting room. Two fellows came down with all these big bundles piled up like cordwood, piled them on the table and they just started calling them.

MR. COLLINGS: In public?

MR. MacMILLAN: Yes. They do not pull them out of the hat or anything. There were two men and two girls; a gentleman who is a clerk opens them up dumps everything out, takes it and hands it over to a gentleman who calls it out over a loudspeaker and as they read, he hands the certified cheque to the girl, who puts it in an envelope. I think one time they lost a cheque for \$200,000. and they are very particular about getting those cheques into the envelopes. That is all that girl does. Then it goes to another girl who records the gross amount, and when that is done, for one bid or call, everything is taken to be checked, and the checking goes on until, I think, late Friday afternoon, but the bids are all called. They started calling them at a quarter to eleven, and they were

through at twelve. At about twelve-thirty, they had an approved release, giving the proposals which were accepted.

MR. OLIVER: Do you see any merit in that procedure?

MR. MacMILLAN: I do not think it is my position to comment on the merit. I was only instructed to --

MR. OLIVER: You were just an observer?

MR. MacMILLAN: Yes.

THE CHAIRMAN: Were there quite a few people present, did you notice?

MR. MacMILLAN: The room was fairly well filled; the front row of seats only about half filled, but I imagine there would be well over 100 there.

THE CHAIRMAN: And this announcement over the loudspeaker was what?

MR. MacMILLAN: He calls off the name, the contractor, and the amount of the bid. He gives the address too.

MR. MAPLEDORAM: Are they recorded on a blackboard or anything?

MR. MacMILLAN: No, they give them a floor card, as they call it, and this floor group is made up by the various bonding companies and contractors.

associations, and so on, and they get their clues from the Chief Clerk in Mr. Cohen's office. The only clue I could see they would get is they get a list of who gets the bids. You do not have to buy them. That list is available to anyone. They make up a list and give them to anyone who wants them, and you can mark down the bids as they are called.

THE CHAIRMAN: Would you see a number of people holding those, and writing?

MR. MacMILLAN: Yes, the Chief Engineer sat there, and in half an hour we filled out one, or at least part of one.

THE CHAIRMAN: Would a lot of contractors' representatives be there watching the bidding?

MR. MacMILLAN: Yes, and the Bonding Companies. They supply a table about the size of this one for the bonding companies and the contractors' associations.

MR. JAMES: They did not televise?

MR. MacMILLAN: No, sir.

THE CHAIRMAN: Any questions? (No response).

Thank you, Mr. MacMillan.

---- The Witness retired.

THE CHAIRMAN: Now gentlemen, the train leaves at 6:40. The Secretary may have some announcements to make. I had a memorandum which I was going to pass around; if there are enough copies I will pass it out without

perhaps reading it, but I propose to file now with the Secretary of the Committee, several forms which have been received from the Ontario Agent-General in London in relation to the forms, conditions of tender, and contract, in England and Wales.

This is "Standard Forms, Conditions of Tender and Contract for Road and Bridge Works, re-printed 1953".

EXHIBIT NO. 23: Above Ministry of Transport publication, "Standard Forms, Conditions of Tender and Contract for Road and Bridge Works" (reprinted 1953), produced and marked.

EXHIBIT NO. 24: Ministry of Transport Notes on the preparation of the Bill of Quantities, 1951, produced and marked.

EXHIBIT NO. 25: Ministry of Transport Specifications for Road and Bridge Works, 1951.

EXHIBIT NO. 26: Fifth Report from Select Committee on Estimates, together with the minutes of evidence taken before sub-committee D, and appendices, session 52-53, (Roads).

THE CHAIRMAN: We will get a much more detailed statement on this later on. But I wish to refer to it for a few moments.

Following the sittings of the Select Committee on the 17th, 18 and 19th of May last, I communicated with Major James Armstrong, Agent-General for the Province of Ontario at Ontario House, London. Major Armstrong has been good enough to send me certain forms and material which I will file to-day with the Secretary and has communicated with Her Majesty's Ministry of Transport and will, I expect, have a brief or memorandum from that source available shortly. Major Armstrong has also communicated with Major-General G. S. Hatton, Northern Army Group, Germany, and I anticipate that a memorandum on the German system will likewise be available shortly.

The standard forms, conditions of tender and contract for road and bridge works issued for the guidance and use of all highway authorities in England and Wales (1953) is one of the documents to be filed and I would make reference in passing to the following items appearing in it:

1. Fair wages - A resolution appears on page 2, being a resolution of the House of Commons on this subject.

2. Under the heading, "Conditions of Tender", Item 4, it is made clear that the numbers, quantities and measurements given are approximate only, and it is

also made clear that the amount to be paid to contractors for the execution of the work is based on the quantities actually supplied, subject to the other provisions and conditions of the contract, etc.

3. The tender requires a deposit to accompany it.

4. It is provided that the lowest tender need not be accepted.

5. Under the heading "Conditions of Contract", "the contract price" is defined and appears on page 9. Item 6 of these Conditions provides that subletting must not occur without the consent in writing of the engineer.

6. Item 13 of the Conditions provides that "save with the consent of the council, no imported material or plant and no manufactured materials or plant not wholly manufactured in the British Empire shall be used on the works".

7. Item 37 of the Conditions provides that a percentage of the men required for the work is to be drawn from the depressed areas selected by the Ministry of Labour and are to be engaged through the employment exchanges (page 16).

8. Married men are to be given preference.

9. Item 49 (page 18) authorizes omissions and extra works.

10. Item 54 (page 19) provides for compensation to

contractors for interference with progress.

11. Item 55 (page 20) - Commencement and completion.

12. Item 56 (page 20) - Damages for failure to complete works on due date.

13. Item 58 (page 20) - Monthly returns of works by contractors.

14. Item 59 (page 26) - Measurement of completed works. Three days' notice in writing to contractors. Normal procedure is for contractors to sign acknowledgement of correctness.

15. Item 61 (page 21) - Certificate of completion.

16. Item 62 (page 21) - Monthly advance to contractor.

17. Item 63 (page 22) - Maintenance of works.

18. Item 64 (page 22) - Maintenance of surface for additional period. Contract may require contractor to maintain the road for periods specified after completion of contract.

19. Item 71 (page 24) - Gifts, inducements and awards.

The Fifth Report of the Select Committee on Estimates (Session 1952-53) for Roads will be filed. It appears that the practice in Great Britain is to have a Select Committee of Parliament study, take evidence and report on the proposed apportionment

for road construction and maintenance.

Attention is drawn to Item 15 (appearing on pages xiii and xiv) of one of the recommendations of Committee.

EXHIBIT No. 27: Above statement, made by A. Kelso Roberts, Q.C., Road Contracts, etc., produced and marked.

THE CHAIRMAN: Now, gentlemen, I think that pretty well concludes the items I had on my agenda. Have you something, Mr. Secretary, to report in regard to the trip?

---The Secretary outlined the immediate details of the forthcoming trip to North Dakota, not reported.

THE CHAIRMAN: Just before we adjourn, Mr. Gordon has two reports here which I think we might take with us and read on the trip.

MR. GORDON: These, gentlemen, are really in answer to certain questions which were asked by The Chairman. With respect to the first, he asked if we could get any information as to the availability of engineers, and the salary scales for engineers, and this report deals with that subject.

EXHIBIT NO. 28: Report of Engineers available for employment by the Department of Highways, and salary scales for Engineers, June, 1954, produced and marked.

MR. GORDON: The second; The Chairman asked at one of the meetings for an estimate of the additional cost of implementing the recommendations in our report, and this deals with that. I made 25 copies of it, Mr. Chairman, so if the Press representatives wish a copy, there will be one for them.

EXHIBIT NO. 29: Cost of additional positions set out in proposed re-organization plan, June, 1954, produced and marked.

--Whereupon, at 5:00 o'clock, p.m., the further proceedings of this Committee adjourned, to reconvene in the City of Bismarck, North Dakota, (U.S.A.).

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P R O C E E D I N G S

of the Select Committee of the Ontario Legislature appointed to enquire into matters concerning certain Divisions of the Department of Highways.

MR. A. KELSO ROBERTS, Q.C., CHAIRMAN

PRESIDING.

MR. V. J. JOHNSON, SECRETARY.

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VOLUME XI

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Bismark, N. Dak.

Wednesday, June 16th, 1954.

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E L E V E N T H D A Y

Bismarck, North Dakota,
Wednesday, June 16th, 1954,
3:00 o'clock, p.m.

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The further proceedings of this Committee
reconvened pursuant to adjournment.

PRESENT:

Mr. A. Kelso Roberts, Q.C., Chairman,
Presiding.

Messrs. Beckett, Q.C.,

Dent,

Herbert,

Janes,

Mapledoram

Mr. R. L. MacTavish, Q.C., Committee Counsel

Mr. V. J. Johnson, Secretary.

APPEARANCES:

Mr. S. W. Thompson, North Dakota State
Highway Commission.

Mr. M. P. Wynkoop, Chief Engineer

Mr. Chas. J. Crawford, Manager of Planning
and Survey.

Mr. H. H. Muller, Assistant Construction
Engineer.

Mr. Bradley, Design Engineer.

Mr. E. R. Tuskind,	Plans and Surveys,
Mr. Frank Cave,	Bridge Engineering.
Mr. Reuben Reich,	Assistant Materials Engineer.
Mr. Duncan Gordon,	Management Consultant.
Mr. John Walter,	Construction Engineer, Ontario Department of Highways.

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THE CHAIRMAN: I think, Mr. Commissioner, our party is now complete.

COMMISSIONER THOMPSON: It is certainly very nice to have you here. I am not going to try to make any flowery speeches. As far as we are concerned, we are willing to listen to what you have in mind, and if we can help you, we will be very happy to do so.

THE CHAIRMAN: Thank you.

We have here this afternoon, six members of the Select Committee of the Legislature, and I think they have all been introduced individually. In addition, we have the Counsel to the Committee, Mr. MacTavish.

MR. JANES: Excuse me, Mr. Chairman. Perhaps if we stood up?

THE CHAIRMAN: Yes. Would the members of the Legislature stand for a moment, including myself.

This is Mr. "Duke" MacTavish, Counsel for the Committee. Mr. Victor Johnson, Secretary to the Committee. Mr. Duncan Gordon is the Management Consultant, a member of the firm of Management Consultants, which has submitted a report very recently on the Highways Department, and its proposed re-organization.

Mr. John Walter is the Construction Engineer of the Department, just recently appointed to that office.

Mr. Roach, of the Toronto Evening Telegram newspaper. Mr. Walter Gray, of the Canadian Press, and Mr. Pate, who is a Hansard Reporter in the Legislature and who is going to report our proceedings.

COMMISSIONER THOMPSON: I am sorry our Governor could not be here to give you a word of greeting, but he is due in Fargo this afternoon, in the midst of his campaign, and is also tied up all day tomorrow. If he could possibly make it, we would like to have him, but he said it was simply impossible for him.

THE CHAIRMAN: We appreciate that, and we also appreciate very much, your courtesy in allowing us to come here. Very generally, may I say, Mr. Commissioner and gentlemen, that our purpose is to find out as much as we can about your set-up and your practices, and I think perhaps under certain main

headings. We are concerned, for example, with the subject of tenders, their preparation, methods of calling, and methods of opening, and information for the public with respect to tender prices submitted, control of the bidding contractors with respect to equipment, personnel, financial resources. That, I think, is your pre-contract qualification. Also, the deposit cheque and performance bond required, and the procedures in that connection. And the enforcement of the completion date of the contract.

MR. WYNKOOP: Pardon me, but if I may interrupt, we have not all our Department heads here, and I think before we go too far in this connection, we should have them here, because they would know what your desires are and so on.

THE CHAIRMAN: Thank you.

MR. WYNKOOP: I should think we should have Mr. Tuskind and Mr. Cave here at the start.

COMMISSIONER THOMPSON: Yes, and Reuben Reich. Another thought occurred to me while I was waiting; would you like to divide yourselves up into groups, or would you want the thing discussed before all of them, all these matters?

THE CHAIRMAN: At first, I think, anyway. If it appears that might be helpful a little later on,

we could do so.

COMMISSIONER THOMPSON: I can see, sir, the members of what we call the Legislature, your Parliament, or whatever you call it, would be interested in the entire set-up.

THE CHAIRMAN: That is right.

COMMISSIONER THOMPSON: The individual technicians might be more interested in their own particular subject, but even so, they probably will not stay together very much.

THE CHAIRMAN: If you could afford to spare them the time to be here all together, I think we can get the answers more readily.

COMMISSIONER THOMPSON: We can do that today at least. I have arranged for another room we can have any time we want it during the two days, and tomorrow perhaps we should meet in the "Blue Room" on the ground floor of this building, where we will not be interrupted too often, because, after all, there are delegations of this size coming here quite regularly from up in the State, and when they come, they want to be heard.

THE CHAIRMAN: Quite.

COMMISSIONER THOMPSON: And this might not be too convenient. Down there, you can have peace and quiet, and that would perhaps be the best thing to do

tomorrow morning. I do not anticipate anything happening this afternoon. Our boys could be with you down there, you know.

MR. JAMES: Might I make a suggestion? I wonder if we could have a little description of the size of your Department of Highways, the number of miles of road, and gas tax, and everything -- a picture to start on?

THE CHAIRMAN: Yes, I think we are waiting a moment for those two gentlemen to come in.

COMMISSIONER THOMPSON: This is Mr. Tuskind, gentlemen, our Plans and Survey Engineer. Mr. Reich, Materials Department.

THE CHAIRMAN: Would you like me to repeat those general headings again, Mr. Thompson?

COMMISSIONER THOMPSON: Yes. Mr. Cave will be here in a moment, and then I think we will be all set.

I suppose we can start in the meantime.

THE CHAIRMAN: I just dealt with the several headings under tenders, the general practice in regard to tenders all the way through. Your experience with pre-contract qualification, and your views on that subject would be greatly appreciated, and just what you

do in regard to enforcing completion, or all the steps you take to insist on contracts being completed within the time limits; your methods of payment for different types of work, and in that respect also, classifications of material, and how you handle that.

COMMISSIONER THOMPSON: Here is Mr. Cave, our Bridge Engineer, gentlemen.

THE CHAIRMAN: Also your procedure when you come to accept the work at the end of construction, and then your general organization and administration. We have had the opportunity of seeing a chart of your organization which gave us a fair idea of that, I think. Perhaps it will not be necessary to go into that in detail. By the way, it is a chart which our Management Consultant obtained through Washington, I believe.

MR. GORDON: Washington Highway Research. It may not be right.

THE CHAIRMAN: Mr. Janes has suggested that perhaps to start off, you might care to give us a description of your highway system, and the size of it.

COMMISSIONER THOMPSON: Mr. Tuskind, do you want to take that? You fellows could take this map up there, to show the trunk system and the 24, 25, hundred miles.

MR. TUSKIND: I do not know whether you can see this or not, gentlemen, but the roads outlined in red, about 2,400 miles, are what are considered to be our trunk or primary highways system. The roads which appear on there in a smaller, dark line, such as this and this (indicating) -- I can take it off that map up there, Commissioner, if that is better. It is not quite the same, but practically the same.

This is a surfacing map, gentlemen, but at the same time, it shows just about what the deal is. The roads which are shown in red and with the connecting links which are missing in many of these instances, are our primary highway system.

COMMISSIONER THOMPSON: You might explain those in red, -- already surfaced.

MR. TUSKIND: Those are already surfaced. Now, those miles of roads, plus three connections, total about 4,500 miles. Then the less important, or the secondary type of roads on the State system, those of lesser traffic importance generally, total about 2,400 or 2,500 miles. They are the other roads that are shown, such as these (indicating). That gives us a total system of a little under 7,000 miles in the State highway system.

MR. JANES: You take responsibility for all that?

MR. TUSKIND: The 7,000 miles come under the Highway Commissioner, and the State Highway Department is entirely responsible for them.

Now, on the construction of that mileage, we can expend, if we have them available, Federal Aid funds to the amount of 50 percent. of total cost of construction. That is, there are Federal Aid monies but they make no payments from the Federal Aid monies towards the maintenance of the system, which is a 100 percent. State responsibility for the entire system.

MR. MAPLEDORAM: Just for the capital costs?

MR. TUSKIND: That is right.

MR. BECKETT, Q.C.: And that covers both the red and the blue?

MR. TUSKIND: Yes, the whole 7,000 miles. Then in addition to that, we have what we call a county secondary system. We have 53 counties in the State, with a total mileage in the county secondary system of 12,000 miles, roughly speaking. I believe it is about that. They can go a little higher than that now, but that is eligible for construction on the basis of county funds matched by Federal Aid, and the State has no responsibility for that.

When you get through with that, you have still 100,000 miles of roads and trails in the State,

which comes under the responsibility of the local units of government, either counties, townships or urban areas.

So you have your State system, under the direction of the Highway Commissioner; your county and secondary systems, under the direction of the County Commissioners; and your local roads, under the local township supervisors, and your urban areas.

MR. JANES: Do you assist at all on those roads?

MR. TUSKIND: The State does not assist any of the local ones.

MR. WYNKOOP: Well, we do in that they get a portion of our tax funds.

MR. TUSKIND: Yes, but with the State allocated monies. The State does not participate with the counties in the building of their roads.

MR. WYNKOOP: They get money, though.

MR. JANES: It is the same thing.

MR. TUSKIND: Take the State allocated taxes; the counties get one cent of the gas tax, and 50 percent. of the license fees.

MR. JANES: What would that amount to?

MR. TUSKIND: About \$1½ million the gasoline tax, and \$3½ million the license fees.

MR..BECKETT, Q.C.: Does each county get the same basis?

MR. TUSKIND: No, the gasoline tax is distributed to the counties based on the number of vehicles registered in each county, and the license fees are allocated back to the counties on the basis of the fees collected in that county.

MR. JANES: Approximately \$5 million?

MR. TUSKIND: Roughly speaking, yes.

THE CHAIRMAN: Does Bismarck, for example, get that?

MR. TUSKIND: No, not as a city, but Burleigh County, of which Bismarck is a part, gets it.

MR. JANES: The cities get no assistance from that?

MR. TUSKIND: The cities get no assistance from that, no.

COMMISSIONER THOMPSON: Did you mention State Aid?

MR. TUSKIND: Yes, that is another thing. We do have less than 300 miles of highways which are not eligible for Federal assistance. There are miles of road which were placed in the system sometime in the past, and the Bureau of Public Roads considers them of such small importance, they will not participate in

their cost of construction, and, since they are in the system, the State cannot get rid of them and they become 100 percent. a State responsibility.

MR. JANES: A small municipality, say 2,000 people, do they get any assistance?

MR. TUSKIND: Not directly. However, the Highway Department can construct a road through that town if it is on the highway, if it so desires. They have in many instances, taken part of the maintenance costs at a later date, and sometimes, part of the construction costs.

MR. JANES: Do you build it with a full width?

MR. TUSKIND: We build it with a full width, and if it has a curb and gutter section, the municipality pays 25 percent., the State 25 percent. and the Federal, 50 percent.

MR. BECKETT, Q.C.: How wide is "full width"?

MR. TUSKIND: Usually, in the smaller towns, 40 feet, and sometimes it goes up to 60 feet or more.

MR. JANES: You accept full responsibility for the width of the highway coming right across the town, is that it?

MR. TUSKIND: Yes, the city takes over the maintenance of curb and gutter street sections.

COMMISSIONER THOMPSON: Before we go any

further, we have a couple of boys here from the Press, who would like to say "Hello" to you gentlemen. I see someone has a camera along; they want a photograph, I suppose. I told them there are Press men here from your country. Maybe they can get together, and arrange something.

THE CHAIRMAN: Mr. Roach and Mr. Gray are here.

---Whereupon photographs of the meeting were taken.

MR. JANES: Does Federal Aid go all through your system?

COMMISSIONER THOMPSON: It goes to all the State, excepting those 300 miles which are all-State.

MR. JANES: But the rest is all Federal Aid?

COMMISSIONER THOMPSON: If built to their standards, yes.

MR. MAPLEDORAM: What is the basis of the Federal Aid?

COMMISSIONER THOMPSON: They collect a few cents gas tax in the United States. Of course, that is not it, but that is where they get their funds.

MR. JANES: How far apart are those highways?

COMMISSIONER THOMPSON: I would say about 30 to 40 miles.

MR. JANES: It is pretty well covered.

MR. BECKETT, Q.C.: How many square miles in the State?

COMMISSIONER THOMPSON: I have not figured it out. It is about 275 miles one way, and close to 400 the other.

THE CHAIRMAN: Could we have a copy of this map for our records. We would mark it as an Exhibit now, if we could.

EXHIBIT NO. 30: Map of the State of North Dakota, showing highways, produced and marked.

THE CHAIRMAN: Could I ask you, of that gas tax distribution you mentioned, the county gets -- what was it -- one cent?

MR. CRAWFORD: One cent, yes.

THE CHAIRMAN: One cent from the tax. A city like Bismarck is in one of those counties. Now, would the number of vehicles inside Bismarck be included in that calculation.

MR. CRAWFORD: That is right. You are immediately getting to one of the things we do not like, and that is, while Burleigh County, as an area, gets that money, the city of Bismarck does not benefit from it, even though the residents of Bismarck contribute to it, and until such time as our Legislature

is more evenly divided in representing the urban and rural population, that difficulty is going to continue to exist.

MR. MAPLEDORAM: In other words, the rural areas get more out of it than the city?

MR. CRAWFORD: The city of Bismarck pays over 60 percent. of the cost of all roads in Burleigh County.

MR. JANES: Have you any roads or streets around the city which are a joint responsibility of the county and the city?

MR. CRAWFORD: No, not inside the city limits.

MR. JANES: But partly outside -- partly in and partly out?

MR. CRAWFORD: No, the city cannot spend its money outside, and the county will not spend its money inside -- it can, but it will not.

MR. JANES: We have what is called suburban roads, and a committee is appointed, and they work together 50-50.

THE CHAIRMAN: Mr. Commissioner, was there anything further you wanted from these gentlemen at the moment?

COMMISSIONER THOMPSON: No, I think we can go ahead. That is all you fellows wanted?

THE CHAIRMAN: Getting back to your roads' set-up; would you tell us the class of roads? You mentioned 4,500 miles was your primary type of road. What type of construction would they consist of chiefly?

MR. CRAWFORD: Do we have your design standard sheet, Mr. Tuskind?

MR. TUSKIND: Mr. Muller has some.

THE CHAIRMAN: I don't think we need too much detail, just general knowledge.

MR. TUSKIND: They are of two-lane construction. We do not have any divided highways. The surfacing is 24 feet.

MR. JANES: For what width of shoulder?

MR. TUSKIND: I was coming to that. That is where the variation comes in the higher-traffic road. No. 10 might be 10 feet, or a 9-foot shoulder, while some of the lesser primary roads might only have three-foot shoulders.

MR. DENT: Do you have any rock formation to go through in building your roads in this State?

MR. TUSKIND: No.

MR. DENT: No rock?

MR. TUSKIND: No solid rock. We have glacial

boulders, that is all.

COMMISSIONER THOMPSON: They are not quite close enough together to be rock formation.

MR. TUSKIND: No.

MR. WYNKOOP: They are in some places.

MR. DENT: That is quite a problem in Northern Ontario. We have rock formations.

MR. WYNKOOP: We run into minor rock formations where we have to do blasting and so on, but it is not general.

THE CHAIRMAN: Would that be black top, mostly -- your pavement?

MR. WYNKOOP: Yes, mostly.

MR. BECKETT, Q.C.: What kind of base for your black top?

MR. TUSKIND: Mostly soil stabilized. We have some asphalt stabilized.

MR. JAMES: What depth of granular base do you put on?

MR. TUSKIND: Where we have a poor sub-grade, we may add a foot or eighteen inches of pit run through cross-sluiques and so forth, so when we get ready for the surfacing, we have a uniform thickness of base over the whole road, and I think it is nine inches.

MR. WYNKOOP: I think it is seven, is it not, "Rube"?

MR. REICH: Five inches, and two inches of soil stabilized base or asphalt stabilized, and two and one-half inches wearing coarse, a total depth of standard section, of nine and one-half inches.

MR. MAPLEDORAM: You have severe weather here, as is typical in Northern Ontario?

COMMISSIONER THOMPSON: Yes.

THE CHAIRMAN: The temperatures go down to -- what is the low?

COMMISSIONER THOMPSON: The coldest I have been out in, is 52 below.

MR. WYNKOOP: That is not general, but we do get it cold.

THE CHAIRMAN: And you have intense heat?

MR. WYNKOOP: Yes, about 100 in the summer-time, -- yes, in the hundreds.

THE CHAIRMAN: Would it be possible to give us an average of your costs per mile of these primary roads, at the present time?

MR. WYNKOOP: We have it in our annual report.

MR. TUSKIND: At present, prices are grading about \$18,000 to \$20,000 per mile, and surfacing, about

\$20,000 to \$22,000.

COMMISSIONER THOMPSON: It depends on the length of the gravel haul.

MR. TUSKIND: Yes.

MR. BECKETT, Q.C.: What width of pavement would that be?

MR. TUSKIND: 24-foot.

MR. MAPLEDORAM: Most are 22.

MR. TUSKIND: We had 22 until about two years ago, when we started with 24, and now we are using 24.

THE CHAIRMAN: Just while on that subject, I understand you have had extremely good results with your paving against frost heave and those "boils" -- or whatever you call them--that come in the spring. Have you any note of that? Have you some secret formula for that, or is there some special construction to meet it?

MR. WYNKOOP: We do make soil surveys and try to select soils, and we do not have much trouble on our newer construction with frost boil. Very little. But I think that is mostly due to the fact that we try to select soil. We still have a lot of trouble on our older roads, with frost boils, pockets, and so on, and we are experiencing a lot of trouble now with abnormal loads. We are an oil State now, and they want to haul 100,000 pounds over our roads, and so on.

Where we have more or less gravel, we do not have to ruin some of our roads getting those loads over, but in the spring, we think we have to restrict the loads on our paved roads.

MR. JÄNES: In certain months?

MR. WYNKOOP: Yes, during the frost -- well, usually about the middle of March, for about two months.

MR. JÄNES: We are doing that too.

MR. WYNKOOP: We have frost studies and they have proven to us, at least, that we lose about 50 percent. of our bearing capacity during that time.

THE CHAIRMAN: What is your rate again, in this State, on the gas tax?

MR. WYNKOOP: Five cents.

COMMISSIONER THOMPSON: And two cents, Federal.

THE CHAIRMAN: A total of seven cents a gallon. And your license fees, are they about standard?

MR. CRAWFORD: They are about average for the United States as a whole. We are a little bit below average. Our average fee per vehicle in the State, of 300,000 vehicles, and \$7 million collected, would give you about what?

THE CHAIRMAN: \$22.25?

MR. CRAWFORD: Or \$22.50 a vehicle, average.

I believe the average -- now, this is not an accurate figure, I am pulling this one out of the blue, but I have the information upstairs -- the average vehicle license charge in the United States, is about \$26-and a fraction, so we are two or three dollars below average.

MR. JAMES: I was asking Mr. Crawford that question. Would you describe the first three years?

MR. CRAWFORD: Our motor vehicle license fee is in lieu of all personal property taxes, and the fee is reduced with age of the vehicle. Now it reduces to 50 percent. of the original fee, at the end of the six-year period, I believe it is. I have not it with me, but that is the procedure. I have the actual fees and the reductions per year, and could give that to you as an Exhibit, but the theory is this is a hangover from times past, that as the value of the vehicle goes down the tax should go down, because after all, it is in lieu of property tax. In more recent years, however, it has been recognized that age is not a factor in travel with certain types of vehicles, especially when you get into your heavier weights of commercial vehicles. Either they do not make the miles or they do not use them, so miles of travel per year is not a function of age.

The Legislature, in recognizing that problem three years ago, now changed our truck reductions from the way they were, where they went to 50 percent. in six or seven years, to now where they do that in the lower weight brackets but not the upper. They reduce only about 15 percent.

THE CHAIRMAN: I think that is what you wanted, Mr. Janes, the general idea?

MR. JAMES: Yes.

THE CHAIRMAN: Could we get a general description of just what you do when you are going to lay out a new road, your preliminary work, and your calling of the contracts, the tenders -- your whole system?

COMMISSIONER THOMPSON: Mr. Tuskind, I guess that is in your field.

MR. TUSKIND: Of course, our general location between control points is pretty well established. Being a prairie State, there are not too many physical obstructions, and most of it will be re-construction, straightening out minor irregularities. We have a preliminary party which makes the surveys in the summer-time, then during the winter, our field men are in, and they do the design, and then in the spring, we call for bids.

THE CHAIRMAN: In other words, you have plenty

of time to prepare?

MR. TUSKIND: We should be a year ahead, on account of right-of-way problems. That is the only thing which bothers us. We cannot start buying a right-of-way until we have completed the design, and then we are ready to let it a month after that, and this does not give us enough time to buy right-of-ways, so we should be a year farther advanced, than we are now.

However, we have plenty of help to do the design, because we cannot do any outside work in the winter, and we have to keep the men employed.

MR. MAPLEDORAM: This Department is entirely separate from Public Works? The Highways Department has a function of its own in the State?

MR. TUSKIND: Yes.

MR. JANES: Would you describe your operation, acquiring a property right-of-way, widening a road, or putting a new one through?

MR. CRAWFORD: We draw up the plans, the county acts as our agent, we send them to the county and the commissioners make the appraisals and make the offers and pay half the costs.

MR. JANES: Pardon?

MR. CRAWFORD: Pay half the cost of the right-of-way, the county does.

MR. JANES: The counties pay half the cost on the highways of the right-of-way?

MR. CRAWFORD: Yes.

MR. JANES: That's a new one.

MR. CRAWFORD: If we did not do that, we would be paying an awfully big price for some of the right-of-ways, because they would be buying it from their friends and using our money to pay for it.

MR. BECKETT, Q.C.: Then you negotiate a deal, do you?

MR. CRAWFORD: Yes, to start with, and then of course if we cannot reach an agreement, the Commissioner declares an emergency and we condemn the land.

MR. WYNKOOP: That appraisal , though, we send in to the county. The county does not make that by itself, we are both parties to it, and agree on the appraisal price.

THE CHAIRMAN: You usually get it by agreement, but occasionally I suppose you have to --

MR. TUSKIND: Nearly every job gives a few parcels we have to condemn.

MR. JANES: I suppose you condemn it, and take it? Has the property owner any recourse?

MR. TUSKIND: Yes, he has 30 days in which to

appeal the award.

MR. JANES: To whom?

MR. TUSKIND: To the Court.

THE CHAIRMAN: A special court or State court?

COMMISSIONER THOMPSON: The regular district court.

MR. BECKETT, Q.C.: Before a jury?

COMMISSIONER THOMPSON: Before a jury, yes. But there is something else in there which bothers us more than that, and that is we have a Constitutional provision which provides that we cannot enter until the matter has been tried before a jury..

MR. BECKETT, Q.C.: And money paid into court?

COMMISSIONER THOMPSON: No. Money paid into court is not sufficient. To begin with, we make the offer to the clerk's office, and they have 30 days in which to reply, and if they do not appeal within 30 days, the thing is final and we can go in.

MR. BECKETT, Q.C.: But you cannot enter?

COMMISSIONER THOMPSON: After the 30 days, we can, if they do not appeal. But if they appeal within 30 days, our practice is to come in, but if they want to stop us, they can file an injunction to stop us, which is bad, because there is nothing to determine except the value at the end of things, and the jury

can determine that just as well afterwards as before. That is a provision which can be troublesome.

MR. MAPLEDORAM: Just a matter of price.

COMMISSIONER THOMPSON: That is all.

MR. JANES: We are a little more fortunate there. We can immediately pass an order-in-council in the case of the province, or a municipality can pass a by-law, and go right in and take the property. Then they have to settle it.

MR. BECKETT, Q.C.: No, we have to get an order from a judge, and monies paid into court before we can enter. If it is part of a highway, it is different.

MR. JANES: I am talking about a highway.

THE CHAIRMAN: Your procedure then is that you like to have a year ahead from the time you decide you are going to go along a certain line. You like to have that about a year before you are ready to call?

MR. TUSKIND: Bids, yes.

THE CHAIRMAN: Having prepared carefully in that way, would you just go on from there as to your procedure?

MR. TUSKIND: You mean in regard to Federal Aid too?

THE CHAIRMAN: Having decided that you are

going to run a road so many miles, and having acquired your right-of-way -- made arrangements for that -- then do you do a survey to start with on the ground?

MR. TUSKIND: Yes -- well, we have made a preliminary survey, yes, and that is probably a more detailed survey than most States make.

THE CHAIRMAN: We would like to get a little information on what you do in that respect.

MR. TUSKIND: Well, it is a complete survey, with cross-sections every break in the ground, at least every 100 feet, and probably two or three places in between. So we feel we can pay on the basis of that preliminary estimate, if we wanted to.

COMMISSIONER THOMPSON: But after that so-called accurate survey Mr. Tuskind mentioned, then we also in the drafting room in the winter, make a very careful design and figure the quantities and so on.

MR. JANES: I think the Chairman referred more to tenders.

THE CHAIRMAN: Yes, you are referring to pre-engineering?

MR. WYNKOOP: Yes, and then the yardage quantities and so on, which, as Mr. Tuskind stated, usually are quite close, and we have tried for some time to pay on plan quantities where there is no change

in the plan.

THE CHAIRMAN: Just on that point; you do all this before you call for contracts at all?

MR. TUSKIND: Yes.

THE CHAIRMAN: And then this is your estimate of the cost of the job?

MR. TUSKIND: We have a complete set of plans and we make up an estimate. Of course, if we have Federal Aid, we have to go through their procedures, programming and so forth.

THE CHAIRMAN: Do you act as their agent in that case, or do they sit in with you all the way through?

MR. TUSKIND: We initiate it, and send it to the local office of program projects. If they object, they talk it over with us, and we generally arrive at an agreement.

MR. MAPLEDORAM: In the actual lay-out of your contracts, what do you show, just your unit quantities? How many units do you show? For instance, do you show rock and so forth?

MR. TUSKIND: No, we have all unclassified.

MR. MAPLEDORAM: It is all one?

MR. TUSKIND: We may have some boring excavation or channel excavation, but ordinarily it is

unclassified, a one-unit price for excavation.

MR. MAPLEDORAM: That would work pretty well here, you don't have much rock.

MR. TUSKIND: No.

COMMISSIONER THOMPSON: But you show pretty well how far the hauls are, and so forth.

MR. TUSKIND: Yes, but I mean just the grading job for dirt; we just have one-price excavation.

THE CHAIRMAN: Following that, because I would like the details of everything you do, before you advertise the job. You have, as a result of this engineering, that you mentioned and the estimates, arrived at a figure which you think the job should cost?

MR. TUSKIND: Yes, we take our number of units of various items, so many yards of dirt, so many feet of different sizes of pipe, and so on.

THE CHAIRMAN: And this designing you mentioned; that goes on before you arrive at the final figure?

MR. TUSKIND: Yes.

THE CHAIRMAN: That is all part of the pre-engineering?

MR. TUSKIND: Yes.

MR. MAPLEDORAM: Do you show the final figure in your contract?

MR. TUSKIND: What we think will be the final. There are changes, but ordinarily it is pretty close.

THE CHAIRMAN: When you have arrived at your estimate of the cost, in arriving at it do you add anything for contingencies?

MR. TUSKIND: Yes, 10 percent. for engineering and contingencies.

THE CHAIRMAN: And having arrived at that figure, let us suppose you are going to build a five-mile road at \$200,000. Do you advertise the \$200,000 figure?

MR. TUSKIND: No, we do not.

THE CHAIRMAN: You do not give your figure?

MR. TUSKIND: No.

THE CHAIRMAN: Then, could we go on from that point? Having done all that, and as I understand it, you take plenty of time to do that thoroughly ?

MR. CRAWFORD: Could I ask one question? You do advertise quantities?

MR. TUSKIND: Yes, and by law we have to advertise those in the official paper in the county in which the project is located, which is a useless procedure because there are no contractors in the county, but we have a mailing list of all qualified

contractors, and we send them the notice.

THE CHAIRMAN: How many qualified contractors would you have in this State?

MR. WYTHOOP: We just sent out for a set of plans.

MR. TUSKIND: I would say 300.

MR. BECKETT, Q.C.: Who are qualified contractors, Mr. Chairman?

THE CHAIRMAN: We will get to that in a moment. They are the ones who come under your pre-qualification requirements?

MR. TUSKIND: Yes.

THE CHAIRMAN: Would there be 100, did you say?

MR. TUSKIND: More than that.

MR. CAVE: 200.

MR. TUSKIND: 200 or 300.

THE CHAIRMAN: Then you notify this list of contractors, and you advertise, and you give them the quantities which you estimated?

MR. TUSKIND: We also advertise in the Construction Bulletin, a magazine published in the Twin Cities, so those who have not qualified, but might be interested, can write in.

THE CHAIRMAN: Then they submit their bids

within the time allowed. What time do you allow usually?

MR. TUSKIND: We have to publish it two weeks before the letting -- two issues of a weekly paper, for instance.

THE CHAIRMAN: Then they file their bids. Could you just give us the exact procedure of that, after the advertising?

MR. TUSKIND: They can either mail them in, or bring them in. We usually have our lettings on Fridays, opening of bids at 9:30. Most of the contractors will bring their bids in at the last minute, in case they have a change of heart and want to raise or lower the price a little.

THE CHAIRMAN: They usually attend in person?

MR. TUSKIND: Yes.

THE CHAIRMAN: And this follows, at that point, the custody of the sealed documents, the opening of the bids; are you very careful to keep the sealed tenders in a safe place, so that nobody would know what is in them, until you are ready to open?

MR. TUSKIND: Yes, they are not open until the Commissioner opens them at the time and place, publicly.

THE CHAIRMAN: In whose custody are they kept

during that period?

MR. TUSKIND: The Construction Engineer has them.

THE CHAIRMAN: And when some have been mailed in, and some brought in, in person, then you advertise a time when they are going to be opened?

MR. TUSKIND: Yes.

THE CHAIRMAN: Is that done publicly?

MR. TUSKIND: The opening?

THE CHAIRMAN: Yes.

MR. TUSKIND: Yes.

THE CHAIRMAN: Who usually attends? Do you have a fair attendance of competitors at that time?

MR. TUSKIND: Oh, yes.

MR. WYNKOOP: The biggest attendance, practically all their equipment dealers and suppliers, and so on.

COMMISSIONER THOMPSON: And all the bond salesmen.

THE CHAIRMAN: The bonding company representatives are there, too?

MR. TUSKIND: Yes.

MR. WYNKOOP: And quite a few of the county commissioners.

MR. BECKETT, Q.C.: Is that covered in the advertisement, that is, that it is going to be opened publicly?

MR. TUSKIND: Yes.

COMMISSIONER THOMPSON: Those are all sealed, and are opened in the presence of the entire group.

THE CHAIRMAN: Do you announce the prices right at that time?

COMMISSIONER THOMPSON: Yes, we open them all first, and then lay them out on a table according to projects; then the various bids for one project are all read consecutively. I have a notice to contractors here someplace.

MR. TUSKIND: This first paragraph (indicating) tells you, I think.

THE CHAIRMAN: Perhaps we could file this. Could we have a copy?

COMMISSIONER THOMPSON: Yes.

THE CHAIRMAN: If we could have enough for the members of the Committee, that would be fine.

MR. MULLER: I will get them for you.

THE CHAIRMAN: This is Exhibit 31 then.

EXHIBIT NO. 31: Notice to
Contractors, produced
and marked.

THE CHAIRMAN: Do you preside at the opening yourself, Mr. Commissioner?

COMMISSIONER THOMPSON: Well, yes, technically,

I guess. The Construction Engineer has been cutting the seals, and I have taken the bid out of the envelope and checked it for certified cheques, and so forth. Usually, next to me the Chief Engineer stands, and I hand them to him. We have two or three other fellows at a long table, and they sort them into piles, because one man may bid on six projects, and it helps to get all the bids on one project in one pile. When everything is opened, the Construction Engineer reads the bids right then.

MR. JAMES: Certified cheques with each bid?

COMMISSIONER THOMPSON: Yes, 5 percent. And it has to be, by our law, a cheque.

MR. WYNKOOP: On a solvent bank in North Dakota.

COMMISSIONER THOMPSON: Yes, which is silly. We have to throw them out because they are on banks in Minneapolis or New York, which would be equally good.

MR. WYNKOOP: Some say "if we give you legal tender, you cannot refuse it", but we can, because the law says so very specifically.

COMMISSIONER THOMPSON: We cannot even take cash.

MR. BECKETT, Q.C.: It has to be a certified cheque?

COMMISSIONER THOMPSON: Yes, a certified cheque on a solvent North Dakota bank.

MR. WYNKOOP: And that works a hardship on bidders in the Twin Cities, who do not have a bank in this State.

MR. JANES: They would have to arrange credit then?

MR. WYNKOOP: Yes.

THE CHAIRMAN: And do you go on the lowest tender basis, or reserve the right to reject the lowest tender?

COMMISSIONER THOMPSON: We reserve the right.

MR. TUSKIND: But 99 percent. of the time we take the lowest bid.

COMMISSIONER THOMPSON: Oh, yes.

THE CHAIRMAN: And is it announced at that time?

COMMISSIONER THOMPSON: No, they take it up to the office and tabulate it, and if it is a small letting, we may be able to get at it that same afternoon, have the letting at 9:30 the next morning, and in the case of a small letting, we would be through reading by 10:30 and that afternoon, could probably consider it. But in most cases, they are not considered until at least the following day, and probably two or

or three days.

MR. JANES: Suppose you found a mistake in addition or multiplication in one of the contracts; what is the procedure?

COMMISSIONER THOMPSON: We find them. If there is a mistake in addition or multiplication that affects the bid, we put in the correct figure and if that person was low, and it makes him second low, we give it to the low bidder. The written figure governs.

MR. WYNKOOP: We have both writing and figures and the written figure governs. It is written and there are the figures out there, and if there is a discrepancy, the writing would govern. If the writing was left out, and we had figures, then, of course, we would have to take that.

THE CHAIRMAN: May I file this as an Exhibit too?

EXHIBIT NO. 32: Above form of tender, produced and marked.

MR. WYNKOOP: We can get you anything you require on these. I do not know whether it would be this particular date or not, because that is the one just coming up.

THE CHAIRMAN: That is their latest, then.

MR. JOHNSON (Secretary): May I enquire if

your regular form of contract is there?

MR. TUSKIND: Yes, here is the contract (indicating).

MR. WYNKOOP: I do not know whether you want to go through this in detail now, or go through it generally.

THE CHAIRMAN: I think generally is what we need, and we can study it.

MR. MAPLEDORAM: It will give us a chance to look at it tonight, and if we want more detailed information, we can ask for it.

MR. GORDON: Could we clarify on the calling for tenders, as to whether the project has to be advertised for a period of two weeks, Mr. Chairman, or whether it is the normal practice to open tenders two weeks after the advertisement first appears?

MR. TUSKIND: Most of our weekly papers are published on Thursday or Friday, and we have our letting on Friday. The letting is generally two weeks.

MR. GORDON: The opening is two weeks after the --

MR. TUSKIND: After the first publication. That is, two weeks and one day, if the publication day is Thursday.

COMMISSIONER THOMPSON: It has to be a week

after the last publication.

MR. GORDON: That comes to a three-week period.

COMMISSIONER THOMPSON: No, there are just two publications --- a week apart.

MR. GORDON: Then the contractors have fourteen days approximately, to estimate and make their bids from the time they first see the advertisement.

MR. WYNKOOP: They usually have more than that, because most of our contractors know about this work coming up prior to the advertisement. They are here at other lettings, and usually they get more notice.

COMMISSIONER THOMPSON: If possible, we announce at this letting, when our next one will be.

MR. GORDON: How much time do the contractors get to make an estimate on this number of jobs in order to split their bid?

MR. TUSKIND: We would send the notice for contractors out about Monday or Tuesday, is it not?

MR. MULLER: Yes, 17 or 18 days from the date we send these out, until our letting.

MR. GORDON: And some of them might have known before that, that these projects were coming up?

MR. MULLER: Yes.

MR. WYNKOOP: We have the super-structure of

a big project coming up, and we have been trying to give a notice of over a month on that.

MR. TUSKIND: Yes, because there will be a certain amount of figuring. Generally speaking, too, there will be outside contractors on that. We do not have any big steel erection contractors in our State, and it will require more time, and we are giving more time on that.

MR. WYNKOOP: About six weeks on that one.

THE CHAIRMAN: Yes. Does that clear your point, Duncan?

MR. GORDON: Yes.

THE CHAIRMAN: Coming back for a moment to the advertising; do you, in sending out to the list of qualified contractors, send them any detail of material at that time?

MR. TUSKIND: On quantities?

THE CHAIRMAN: Yes.

MR. TUSKIND: Yes, that is in there (indicating).

THE CHAIRMAN: This goes out to them, does it? Exhibit 31 is what goes out, before the bids come in?

MR. TUSKIND: Yes, that is their notice to contractors.

MR. MAPLEDORAM: On the time; you would say

a minimum of two weeks or more?

MR. TUSKIND: Yes.

MR. MAPLEDORAM: A minimum of two weeks, and you can give more?

MR. TUSKIND: Yes.

MR. MAPLEDORAM: Nothing to stop you from giving more?

MR. TUSKIND: That is right.

THE CHAIRMAN: You mentioned earlier, that you had such a detailed survey that you pretty well knew quantities, and are inclined at times to fix the actual quantities; do you make any restrictions in the bidding, if they go over certain percentages?

MR. TUSKIND: We can increase quantities. Our specifications provide for 25 percent.

THE CHAIRMAN: When these bids come in, though, -- I do not think I made that too clear -- but when these bids come in, do they have to be, in your practice, less than your estimated cost?

MR. TUSKIND: Not necessarily. They usually are.

MR. JANES: How much less would an average one be?

MR. TUSKIND: This year, they have been running 20 percent., I think.

MR. MULLER: Yes, we have been running anywhere from 10 to 25.

MR. JANES: Under your engineering estimate?

MR. TUSKIND: Yes. Of course, there is some explanation for that. We have our estimates a little high in view of the Federal Aid. The Bureau of Public Roads will not concur in the award if they think it is too much above our estimate, so in order to save a lot of work justifying making the award, we have kept the estimates fairly high.

MR. WYNKOOP: We cannot get a good bid, but be a little over the estimate, you have to get volumes of data to substantiate it. If we wanted to, or thought it was good enough, we can always substantiate it, but because of the red tape in doing it, as Mr. Tuskind said, we might put our estimate up just a little bit. We usually do not want a job that goes substantially above the estimate, we would not even try to put it through.

MR. BECKETT, Q.C.: Do I understand you can go up 25 percent.?

MR. TUSKIND: No. That is increased quantities after the job is ordered.

MR. JANES: You suggest you have kept your estimates up. Do I take it from that, that the costs

are lower than they were?

MR. TUSKIND: Yes, they have been going down.

MR. JANES: That is interesting.

MR. WYNKOOP: Ours are not all low. Those estimates are about what we think they should be.

COMMISSIONER THOMPSON: Do you not think there is some influence here, because we had a beautiful fall and we worked until November, and everybody cleaned up their work, and they were hungry in the spring and wanted job, with big crews and equipment lying around?

MR. WYNKOOP: That has been true up to now, but this twelve inches of rain they had in some places might start it going the other way now, because some of them are tied up and have not moved a wheel for some time.

THE CHAIRMAN: What is the ideal time for calling for contracts in this State. Is there a time limit, beyond which you do not like to have to call for them in each year, or not?

MR. WYNKOOP: With our political forces, and so on, we have to have quite a few lettings during the year, and we like to let the work early, of course, but you cannot let too much at one time, either.

MR. TUSKIND: The right-of-way problem comes

into the picture. If we do not get the right-of-way in time, there is a delay. We usually have a letting every month.

MR. MAPLEDORAM: During the winter months?

MR. TUSKIND: No, we are probably through by about September.

MR. WYNKOOP: Yes, we try to start about March and have about seven or eight lettings. If we can have something ready and let in the winter, we would like to have a winter letting too.

MR. MAPLEDORAM: You do not see anything wrong with letting a contract in the winter time?

MR. WYNKOOP: No.

COMMISSIONER THOMPSON: You could get your equipment moved before the spring breakup, and not break up the roads.

MR. MAPLEDORAM: Yes.

MR. WYNKOOP: And we like to let them in the fall, so the contractor can do some stock piling of materials, until the weather gets too severe. He has to hold a certain crew anyway, and he can get some use out of them in that manner.

MR. JANES: Do you put a time limit on completion of contracts?

MR. WYNKOOP: Yes, it is right in there.

MR. TUSKIND: We put in the number of working days.

THE CHAIRMAN: On that phase, would you tell me how strict you are in holding your contractor to the time?

MR. WYNKOOP: We try to hold to the time, and we do hold to the time pretty generally. We do give extensions occasionally. We have had some periods lately when materials were not available, and so on, and the job was run over, through no fault of the contractor.

COMMISSIONER THOMPSON: Weather conditions.

MR. WYNKOOP: Well, weather is taken care of, ours are all working days. We do not let anything on a calendar date, so that takes care of the weather, -- that is, it takes care of most of the weather, it does not take care of all of it, because you know with the kind of weather there is up here, where we had this eleven inches of rain, that will make slow going for a long time. The materials are wet, and it will take a lot of drying. But the actual weather you cannot work in, is taken care of.

THE CHAIRMAN: Who determines that?

MR. WYNKOOP: Our man on the project. And we have a daily diary that he makes out; in case of dispute

we have a pretty good record.

MR. JANES: And if, after all, the contractor does not get the contract completed, what procedure have you, if any?

MR. MULLER: If the contractor runs over, and if he does not have a good reason for running over on his time; say it was ninety days, and he ran one hundred days, we have a penalty clause which we call liquidated damages which we charge the contractor for the time he runs over the specified working days.

THE CHAIRMAN: Do you actually do that in practice?

MR. MULLER: Yes.

MR. MAPLEDORAM: What is the basis of it, your engineering costs, or what?

MR. MULLER: No, it is based on the size of the contract.

MR. TUSKIND: But engineering cost is what governs, in theory.

MR. WYNKOOP: But it hardly takes care of it, usually.

MR. JANES: Is that arbitrary, or can the contractor appeal to the Board?

MR. MULLER: That is in our regulations, and if he does not request an extension of time, we do not

accept it. If he knows he is going to run over, and does not submit a request for additional time, with reason substantiating the cause for the over-run on the time, he goes into liquidated damages period.

MR. JANES: And can he go to the courts?

MR. MULLER: If it is not settled. We have never had one. It has run up to \$2,700. Our penalty is not too large; it runs from \$45. to \$125. a day.

MR. TUSKIND: And that is a calendar day.

MR. WYNKOOP: Yes, and that might be tough on them, because when you get the penalty, it is on the calendar day basis.

MR. BECKETT, Q.C.: And that money is kept back then?

MR. MULLER: Yes.

MR. JANES: Another question; do you give him a bonus if he finishes before the date?

MR. WYNKOOP: No, that is the way he bids, he bids to finish by then.

MR. TUSKIND: Yes sir, it is not a penalty, it just pays the cost.

MR. WYNKOOP: Yes, and it costs us money sometimes as well.

THE CHAIRMAN: The contractors then cannot fool around on the cost, and they try to get the cost down. Is it fair to put it that way?

MR. WYNKOOP: Yes. And we are not consistent in the working days we set up for projects. We might set up much tougher working conditions on one, than on another. In other words, we cannot set up as many working days proportionately on a big job as on a little one, or we would not get through. It means that a man figuring on a big job, has to figure the kind of equipment it will take, and has to put that large equipment there.

MR. WALTER: What is the basis of your time? Are working days in the ad?

MR. WYNKOOP: That is it.

MR. WALTER: Is it quite detailed, or just general?

MR. WYNKOOP: No.

MR. TUSKIND: I have made up a chart of the number of yards on a dirt job, for instance, and have a curve figuring out how many days, and that applies. If we had something of a main travelled road, we would probably shorten the time to get traffic going. We would want the contractor to put a couple of outfits in, or something of that nature.

THE CHAIRMAN: Anything else on that, Mr. Walter?

MR. WALTER: No.

THE CHAIRMAN: Anything arising out of the document in front of you?

MR. WALTER: No, not at the moment.

THE CHAIRMAN: Could we go on then, to the qualification requirements of contractors?

MR. MULLER: We require a pre-qualification statement from the contractors and also a financial statement, and these are on forms prepared by the Highway Department. They are a standard form. We do not prepare them, we get them out of Washington. Our pre-qualification shows the directors, equipment, his personnel, and his experience record. On our financial statement, is shown his general financial picture, his cash in the bank, his obligations, and his assets. We base his qualifications on that financial statement, of course, also considering the equipment he has available, and we qualify him on a dollar basis. We use a factor of five, taking his net financial worth, and multiplying it by five, to get his dollar value in work which he can handle.

THE CHAIRMAN: Could I follow that along? If he had \$10,000 in the bank, you would multiply that by five?

MR. MULLER: If he had net assets of \$10,000.

THE CHAIRMAN: You would multiply that by five ,

to give him \$50,000?

MR. MULLER: That is correct. And, of course, your equipment and personnel is taken into consideration in issuing proposals. If he does not have adequate equipment and does not have good financial rating, he cannot have the job. So we consider all evidence in giving them the bidder's proposals.

MR. JAMES: You used the words "equipment available". Must he own the equipment, or can he rent it?

MR. MULLER: He must own 50 percent. of the equipment.

THE CHAIRMAN: He has to have 50 percent. of his own?

MR. MULLER: Yes.

MR. BECKETT, Q.C.: Suppose a contract was for a half-million dollars, do you re-classify the contractors again, or what?

MR. MULLER: If he was only qualified for a \$400,000 job, we would not give him the proposal to bid on a half-million dollar job.

MR. BECKETT, Q.C.: You would not send these out (indicating)?

MR. MULLER: No.

MR. TUSKIND: We would send those out; he would get the notice, but not the proposal.

MR. MAPLEDORAM: What has your experience been with the smaller contractors; do they gradually get bigger under your system?

MR. TUSKIND: Yes, they do.

MR. MAPLEDORAM: There has not been any tendency to keep the smaller contractors small, that is the point.

MR. TUSKIND: No.

MR. WYNKOOP: They either get bigger, or go broke.

MR. JAMES: What is the average size of tenders you let out?

MR. WYNKOOP: I really do not know, we have a lot of small contracts. Now we are doing quite a lot of this county secondary Federal work, and some of those go for \$8,000 and \$10,000 -- little gravel jobs and so on, and some small grading jobs. But the average State job; I do not know whether it would be \$100,000 or not.

MR. TUSKIND: More than that, I think.

MR. MULLER: The average primary job is around \$250,000, and we do have them running up to three-quarters of a million, and close to \$1 million.

THE CHAIRMAN: I would like to deal with the larger ones, too, but starting with the smaller ones,

could you tell us the approximate net asset position of your -- I will use the smallest contractor that you qualify -- or your lowest category person qualified to bid on any job at all; have you a minimum figure?

MR. MULLER: No, we do not. As Mr. Wynkoop said, some of our projects run \$8,000 to \$10,000 on secondary roads, and that may be a gravel job or a small grading job, and a man with a very small financial rating could take care of those with a little bit of equipment.

THE CHAIRMAN: But he still must come under this contract pre-qualification?

MR. MULLER: Yes.

MR. GORDON: Would it be fair to say if you called a contract for \$10,000 that required one truck, for example, if a man had assets of \$2,000 and a truck, on your five-times set-up, he would be entitled to bid on that job?

MR. MULLER: If one truck was sufficient to do the work.

MR. GORDON: Well, or two trucks, or whatever it would take.

THE CHAIRMAN: Could I clarify that this way? One of the objections which has been voiced to this type of thing, to some of those of us who have

been looking at it, is that this may preclude the little fellow from ever getting started. With that point in mind, I was wondering where your bottom starts, so to speak, on this sort of thing, what you consider is the minimum requirement before you want a man in the contracting business at all?

MR. WYNKOOP: I do not think our minimum is quite low enough, because we have some little fellows right now who are going to have an awful time finishing their jobs. They just do not have the experience to go with the other stuff they have.

MR. BECKETT, Q.C. That is what I was going to ask. How does a contractor first qualify?

MR. JAMES: With no experience?

MR. MAPLEDORAM: How does he break into the "racket"?

MR. TUSKIND: He may not have experience himself, but may have an experienced foreman.

MR. BECKETT, Q.C.: Then he has to file the form with the Commissioner?

MR. MULLER: First, he has to file the financial statement, and so on.

MR. WYNKOOP: Then if he has done any work, it shows the jobs, and equipment he has. Sometimes, we try to talk the fellows out of the work. There are some

fellows doing county work, who have no idea what a stake means, they do pretty well on the kind of work they know, but will go broke if you get them on another kind of work, unless they can get some good superintendent. If the job is not one of sufficient size, it is not a good deal for them. But we have qualified several of them. There must be 20 or 30 of these little fellows qualified this year, who were not qualified last year or the year before.

THE CHAIRMAN: From your experience, would you care to make any observations as to the suggestion that by such a system, you do preclude the little fellow from getting into the contracting business?

MR. WYNKOOP: I would say we do not.

COMMISSIONER THOMPSON: They could not get any smaller than some of ours, and still exist.

MR. MULLER: We limit some of the smaller contractors to some types of work and a certain volume. We will not give them a big job because they do not have the personnel and equipment in the first place to handle it. We have a 90-day time limit on a contract, and ^{if} the contractor has, say, two scrapers, and two "cats" and one roller, we know he can do it. We restrict them in that manner.

Under pre-qualification, we state below,

"limited work, limited grading, or limited gravel", and if he comes in and wants a big job, we will not give it to him, because we know he cannot handle it.

MR. BECKETT, Q.C.: Is that a public list, that list of pre-qualified contractors?

MR. MULLER: It is a public list.

MR. WYNKOOP: And as Mr. Crawford said, practically every one of our big contractors was small at one time. One of our biggest ones started digging a few basements at Jamestown with one team of horses, that is all he had, and that is the way it goes. Some of these little fellows think they are bigger than we think they are, and we restrict the work they get, but they will thank you for it later. If they start on a sound footing, they go up from there. If they get too big a job to start with, it would probably break them.

We have a surety bond, and if a contractor does not perform the job, then somebody -- the surety-- has to, and of course, they are not so anxious to bond someone they are not sure will finish the job.

MR. JANES: Then your bonding companies control that to a great extent? They would not give a fellow a contract if they were not satisfied that he can do the job?

MR. WYNKOOP: That is right to a certain extent, but a few years ago, there was a fellow who went broke on the job, and at about that time, there was a \$100,000 or better, Federal job in the same vicinity, and he got a bond to bid on it. He did not get the job, but I do not know what the bonding company was thinking of. I couldn't figure that one out.

THE CHAIRMAN: Would you say, from your experience, you consider that this is a very helpful procedure for the contracting business, with the State highway?

MR. WYNKOOP: Well, I would say from my experience--and I think the boys will bear me out--that we have had very good success with this system, and, generally speaking, it has been very satisfactory to everybody concerned. The contractors sometimes kick. They want to get in on smaller projects. We had one fellow last year who wanted to split up the projects, have them small. He said, "I am just a small contractor" -- that was "Bob" -- what was he qualified for?

MR. MULLER: "Bob" Hackett?

MR. WYNKOOP: Yes.

MR. MULLER: It is around \$1 million.

MR. WYNKOOP: More than that; \$1½ million.

Anyway, he was qualified for anything that was coming

up, but he figured if we split them up some, the boys from Minnestoa, South Dakota, and Montana, probably would not be so anxious to come into it. He did not say that, but that was what he was thinking.

MR. BECKETT, Q.C.: How long has the system been in force?

MR. WYNKOOP: I do not know. It has been in for years, ever since the highways, pretty much.

MR. TUSKIND: 20 years, I would say.

MR. CRAWFORD: More than that, because it was devised in 1927-28.

MR. WYNKOOP: There may have been minor variations.

MR. BECKETT, Q.C.: Do you know any reasons for it -- why it was put into practice?

MR. WYNKOOP: I imagine it is copied after other States. These blanks we use for pre-qualifying the contractors, I think 39 others use those.

MR. MULLER: They are pretty generally used.

MR. TUSKIND: At that time, one of the reasons we started it was we had "suitcase contractors" who came in and bid, and had somebody else do the work for them.

MR. BECKETT, Q.C.: Could we have a set of those blanks?

MR. JANES: You do not consider, then, that

the bonding company protects the highways?

MR. WYNKOOP: It protects them, but it is never very satisfactory, when you have to finish a job that way. There is delay, and it costs you money regardless. And if the contractors can handle the jobs they get, it is more satisfactory to everyone.

THE CHAIRMAN: In other words, by this system, you do know ahead of time, theoretically at least, that the man can do the job and has the right equipment?

MR. WYNKOOP: Yes.

MR. JANES: I see you have been very co-operative and keep your calls small so almost any contractor can do it if he has equipment at all.

THE CHAIRMAN: That would be the policy of the government.

MR. TUSKIND: Well, we have \$10,000 jobs, \$100,000, and \$200,000 jobs, different categories, so everyone gets a chance to bid on something.

MR. WYNKOOP: With our black top, we have gotten into hot mix, because we do not think cold mix is what we want on main roads. We do not think a small contractor can bid on hot mix. For one thing, your plant will cost you over \$100,000 and then you have your auxiliary equipment, and so on. That is too much equipment for a small contractor, so they have to be

fair sized to do it. You might have to start on other work and work up to the point where you can qualify for something like that.

MR. BECKETT, Q.C.: This is all covered by statute?

MR. TUSKIND: This pre-qualification?

MR. BECKETT, Q.C.: Yes.

MR. TUSKIND: No, that is just departmental regulations.

MR. WYNKOOP: The bonds and certified cheques and certain things are covered by statute, but a lot of the others are just covered by our specifications.

MR. CRAWFORD: The law does allow the Highway Commissioner to assume such rules and regulations as are necessary.

MR. BECKETT, Q.C.: Would you cover that with your regulations?

MR. CRAWFORD: The Commissioner does it through specifications.

MR. MAPLEDORAM: Is there anything in there about fair labour practice in your contracts?

COMMISSIONER THOMPSON: There is something in Federal Aid, I think.

THE CHAIRMAN: We might go on to ask further questions arising out of these contracts, but I think

we will take them away tonight and be better informed on that score in the morning.

MR. WYNKOOP: You may perhaps want to take the plans and look them over?

MR. WALTER: If I may, I would like to.

THE CHAIRMAN: How large a staff do you have, Mr. Commissioner, in your Highway Department?

COMMISSIONER THOMPSON: How many employees?

THE CHAIRMAN: Yes.

COMMISSIONER THIMPSON: You mean maintenance, and everything?

MR. JANES: Engineers? How many qualified engineers would you have? How many qualified or professional engineers, let us say, do you have?

MR. WYNKOOP: We do not have one hundred, do we?

MR. TUSKIND: Forty or fifty.

MR. CRAWFORD: I added them up to about fifty. We have more employees, but --

COMMISSIONER THOMPSON: Which of the engineers did you leave out? That does not include all the project engineers, the ones who are out on jobs.

MR. TUSKIND: No, you may have inspectors out with them, but --

THE CHAIRMAN: Does that include inspectors and

rod men?

MR. TUSKIND: No.

COMMISSIONER THOMPSON: We figure about 50.

MR. TUSKIND: That is, qualified for registration as a professional engineer.

THE CHAIRMAN: Mr. Gordon, at this point, so we can relate it to our figures on engineers, qualified or professional engineers, the gentlemen say from 50 to 60. When you arrived at our figures, you said 183 were graduates, and then so many others?

MR. GORDON: 183 graduates and, let us put it the other way, 228 professional engineers which includes 183 graduate engineers.

MR. TUSKIND: I think our percentage of graduates would be smaller.

MR. GORDON: Or your number of graduates?

MR. TUSKIND: No, the percentage of what I call professional engineers. We have quite a few who just worked up from the ranks.

THE CHAIRMAN: Could we get those figures before we leave, or at a later date?

MR. TUSKIND: Yes.

THE CHAIRMAN: We would like to know how many you had in that group. Is there any objection to our having the salary ranges, too?

MR. TUSKIND: No.

THE CHAIRMAN: We would like that, too.

MR. WALTER: What must a practical man do to become qualified in this State?

MR. TUSKIND: For registration, you mean?

MR. WALTER: Yes. Have you an engineering association whereby you would write exams?

MR. CAVE: I happen to be Chairman of the Registration Board. There are several different classifications of engineers who are eligible for registration. The first classification is that he must be a graduate of an approved University, and that he must have had four years of practical ^{satisfactory} experience/to the Board. That does not mean that a man who has just graduated from college would have to put in the first four years work that is satisfactory to the Board, of a professional nature.

The second classification is the man who has apparently completed enough education to compare with the man who is a graduate of a full course, : he must take an examination, written or oral, and from there on, the non-graduates have to take written examinations for registration for a professional engineer.

MR. WALTER: And that 50 or 60 included these

men who worked up through the ranks, plus graduates?

MR. CAVE: Well, it so happens that quite a number of our engineers, in fact, all the engineers in our set were registered as what we call "grandfathers"; in other words, they were in business at least a year before the registration law was passed in 1943, and all of the engineers who were qualified and made application were registered. In order to have reciprocity with other States, there were certain qualifications which were set up by other States which must be met. Almost without exception, a man must be registered in North Dakota by examination, before he can obtain registration in another State as a professional engineer.

THE CHAIRMAN: I think that is more or less comparative, is it not?

MR. WALTER: Yes.

THE CHAIRMAN: Our understanding was that perhaps we could get those figures.

MR. CAVE: I could give you a copy of our Law, and I could give you a late copy of our roster which shows all our registered professional engineers. We have about 350, I think.

MR. MAPLEDORAM: On those lines, do you carry on any public relations? In other words, do the engineering groups meet with contractors to discuss mutual problems?

MR. CAVE: Well, the way the Engineering Board was set up, we have quite a strong Engineering Society in the State. In the beginning, when the By-laws were written, the Engineering Society, selected, by election at the annual meeting, six candidates for representation on the Examining Board, and the Governor, every two years, must select from a list submitted by the State society, one of these men.

MR. TUSKIND: You refer to a conference between the Highway Department and the contractors?

MR. MAPLEDORAM: Yes.

MR. TUSKIND: The contractors have an association, and we have a committee appointed from the Highway Department, and one from the Association of Contractors, and we go over specifications and so on.

MR. MAPLEDORAM: Mutual problems?

MR. TUSKIND: Yes.

THE CHAIRMAN: Is their Association a State association?

MR. TUSKIND: It is a State Chapter of a National Association.

MR. MAPLEDORAM: How do you find your relations?

MR. WYNKOOP: They are pretty good, if they have proper leadership. I do not think it is going to be so good here, the way things are going.

MR. TUSKIND: Of course, they want things to their advantage.

MR. MAPLEDORAM: Yes, naturally, they are out to make a "buck".

MR. TUSKIND: Yes. The last time, they gave us ideas we had not thought of.

MR. WYNKOOP: We have had wonderful relations with them. We could not agree with them lots of times, but we could listen to their problems, and that often-times, was enough. There would be differences amongst the contractors themselves, who were members of this committee. We have had wonderful relations with them, but,, as I say, I am afraid of it now.

MR. MAPLEDORAM: For instance, if a contractor bids on a job, and realizes or thinks that your estimates are low, has he any recourse for appeal?

MR. TUSKIND: He does not know what our estimate is.

MR. MAPLEDORAM: He does not know the over-all figure?

MR. TUSKIND: No.

THE CHAIRMAN: No, he does not know the dollars. He knows the quantities.

MR. MAPLEDORAM: That is different than in New York, is it not?

THE CHAIRMAN: Yes.

MR. WYNKOOP: Some States do, but we do not publish them.

MR. MAPLEDORAM: If he, in good faith, finishes a contract and loses money, has he any recourse?

MR. WYNKOOP: No; he will have to figure better next time.

THE CHAIRMAN: That is your attitude, I see. On the question of over-runs; do you have much of that to contend with in your contracts?

MR. WYNKOOP: Usually, no, we do not. I made a statement once here that we think most times we could let a grading job, for instance, on planned quantities and come out with about those quantities in the final analysis.

MR. TUSKIND: We would save more money in not having to re-cross, than any additional amount we might have to put out in yards on dirt.

MR. MAPLEDORAM: What is that again?

MR. TUSKIND: We would save more money in not having to re-cross, than maybe we would pay for a thousand extra yards.

MR. MAPLEDORAM: What do you mean by "re-cross"?

MR. TUSKIND: Cross-section them again, after the job is over.

MR. MAPLEDORAM: As a check?

MR. TUSKIND: Yes, what we base our estimates on now is the re-cross.

MR. MAPLEDORAM: In other words, you say you can be so accurate in pre-engineering, you could probably say, "Here are 300,000 cubic yards ", and take it out, and it would not come to more than 301,000, for instance."

MR. WYNKOOP: I would not say that, but we can come close. What we do now, is make careful designs and measurements of all those quantities, and then we go out on construction and we cross-section it. Then the contractor builds it, and we re-cross it, and so on. We do all that over again. The final estimate drags, and it costs a lot of money.

We have had a couple of jobs approved by the Federal Bureau of Public Roads on a planned quantity basis now, and we are going to see how those come out. All the contractors are advised of that. If we make a change, naturally we would have to re-cross that little portion. Then, if the dirt is not working out, we would also have to re-cross it, to find out what was wrong. But if it is running along, and working out as designed, we will accomplish about the same as if we re-cross it.

MR. TUSKIND: And he would rather take a

chance on losing a couple of thousand yards of dirt and then wait six months for his final payment.

MR. MAPLEDORAM: What percentage of money do you put out in progress of a contract?

MR. WYNKOOP: 90 percent.

MR. MAPLEDORAM: Over how long a period?

MR. WYNKOOP: We have estimates every month, usually.

MR. MAPLEDORAM: Do any of the contractors carry an engineer to check against you?

MR. WYNKOOP: Yes.

MR. MAPLEDORAM: Is it common practice to have an engineer on his staff?

MR. WYNKOOP: Yes, but they do not use them so much for checking as they do for setting a few stakes back in.

MR. MAPLEDORAM: You do not pay any attention to their engineers?

MR. WYNKOOP: No.

THE CHAIRMAN: You have a man on the job all the time, an engineer?

MR. WYNKOOP: Yes, we have a lot of men on the job.

MR. MAPLEDORAM: Would there be a liaison between the two engineers?

MR. WYNKOOP: No..

MR. TUSKIND: We do not set the stakes more than once or twice, and if we are careless, and they have an engineer, he can re-set the stakes.

THE CHAIRMAN: You have a lot of men on the job, you say; throughout the contract?

MR. WYNKOOP: On the average. Of course, our contractors are brought back lots of times. They have a lot of equipment. On the average earth job, how many men would we have, Mr. Tuskind?

MR. MULLER: We would have ten State men on the job -- instrument men, rod men, grade inspectors and gravel checkers.

MR. MAPLEDORAM: What mileage would that be, roughly?

MR. MULLER: That could be a job of any size. They move about the same speed, regardless of whether the job is small or large.

MR. JANES: With a staff of 50 engineers, how can you do that?

MR. TUSKIND: Oh, we have one engineer on the job and the rest are subordinate help.

THE CHAIRMAN: How does that compare, Mr. Walter? Is there any noteworthy difference there?

MR. WALTER: I think generally they have more men than we would have on a contract.

MR. JANES: I would think so.

MR. MAPLEDORAM: Would there be an average of ten?

MR. MULLER: On a surfacing or grading job, we would probably have 15 or 16 men, checkers.

MR. WYNKOOP: Mr. Muller, mention a little of what the duties of these men are.

MR. MULLER: Well, on a grading job, of course, there is our resident engineer who is in charge of the entire project, and supervises the work of all the men who are working under him. Then we need our instrument men and rod men who do the survey work, set the stakes, check grade, and the other miscellaneous things which go with survey work.

Then we have our grade inspectors to check the grade to see it is properly compacted, take tests on grade, on density and see it is not too wet nor too dry to put in. Then we have our gravel checkers who check the gravel as it comes on the road, and check quantities, and sometimes it is necessary to have a man at the pit to check the material as it comes out of the pit, to be sure we get the proper gradation, and the proper mixer on the material. Altogether, that amounts to from eight to ten or eleven men on a grading job.

THE CHAIRMAN: And that is on a job for which the work is all under contract?

MR. MULLER: That job is all under contract.

MR. MAPLEDORAM: What do you do in regard to gravel? Do the contractors own their own gravel pits, or are they State-owned?

MR. MULLER: The State does a lot of prospecting. They locate the pits, or most of them. Sometimes they do not, then it is up to contractor to locate his own supply of material.

MR. MAPLEDORAM: Do you find the contractors trying to corner all the gravel pits, one big contractor trying to corner all the gravel pits, putting another fellow at a disadvantage because he cannot get gravel at that particular point?

MR. MULLER: We have been very fortunate that way.

MR. WYNKOOP: Some places they have had it. We have been very fortunate. We have a lot of small deposits, for one reason, I think.

MR. JAMES: Supposing a tender is let, and the contractor has quite an expense moving his machinery in. Do you ever advance anything to him before he starts work?

MR. TUSKIND: No.

THE CHAIRMAN: He has to finance that himself?

MR. MULLER: We pay for completed work in place.

COMMISSIONER THOMPSON: That is his banker's job.

THE CHAIRMAN: You do not help him at all in the early stages?

MR. TUSKIND: No.

MR. BECKETT, Q.C.: The contractors supply all materials? The State does not supply any?

COMMISSIONER THOMPSON: That is about right.

MR. TUSKIND: We own a few gravel pits, but he buys it from us then.

MR. MAPLEDORAM: And the pits he has, have to meet your specifications?

MR. TUSKIND: Yes.

MR. JANES: Do you ever state gravel must be used from a certain pit?

MR. TUSKIND: Yes, we send out lists as shown here (indicating).

MR. JANES: Supposing when the contractor gets working, you find it is necessary to condemn that material, and, with your approval, the contractor has bid his price on that material, and he then has to haul material five or six miles further. Would you compensate him for that extra mileage?

MR. TUSKIND: We get an option on the material. If we are getting the "dope" on it, we get an option, or tell him to do so, so he is supposed to make arrangements before he bids.

MR. JANES: But you tell him a certain pit has passed your inspection and is approved by you for use?

MR. WYNKOOP: If we do that, we have either the option or we own it. There is no chance of somebody "kicking out" on it then.

MR. JANES: I do not mean that. I mean if material is turned down, when you get further into the pit, and find the material not up to specifications?

MR. WYNKOOP: We would have to either use it or compensate him, but I do not think that has happened, has it, Mr. Reich?

MR. REICH: It happened once west of Hettinger. We prospected a pit, and when the contractor got into it, he found it would not meet specifications and, although we cautioned him that the State is not responsible for the quality of that material, and he should investigate to his own satisfaction, we felt, however, more or less morally responsible to provide certain material. In that particular case, we went out and prospected another pit where the haul was not materially longer than the one we had originally set up.

That is the only time we had to locate a different pit. However, sometimes we do find that the material does not come up to our original prospecting, that the quality is not quite as good, and in some cases, we have to use those pits, because there was no other material. Then, by change-over, we changed the specifications in minor details so the material could be used.

MR. JANES: That immediately brings up another question. Would it be good business, in your opinion, for a highway department to try to have a complete picture of available material and be able to call for the tender on a stated basis that they use a certain material?

MR. REICH: We have a pretty good idea of the material in the State. We know about the quality of the material in different section of the State, and we control most of that, or try to control it. I did not quite "get" the question.

MR. JANES: The point I am trying to make is that if a contractor knows he can get material within a two or five-mile haul, he would bid pretty close figures on the material, knowing what it will cost him to haul. And if that is not true, he may bid on a ten-mile haul, to protect himself. Is that not true?

MR. REICH: Yes. We show, with the bid,

information we have as a result of our prospecting. The contractors, quite a number of them, before letting also go out and prospect for material. However, if he has a pit which he wants to use that he has found himself, we require that it be approved before the letting.

MR. JAMES: Before the letting?

MR. REICH: Yes. He also, after the project is let, can find material in order to better himself. Then we require that his material be as good or better than ours.

MR. GORDON: Could I ask one question there? Where you give an indication of the pit from which the material could ^{come,} / did I hear someone say you secured an option from the owner of that pit, so that all contractors were bidding for the same thing at the same price?

MR. REICH: Yes sir, that is correct.

MR. MAPLEDORAM: That takes the sting out of it, as far as individual contractors are concerned; it gives them all the same break.

MR. JAMES: That is the point I was trying to make at the start.

MR. REICH: On this sheet (indicating) is a kind of resume of the policy that describes that.

THE CHAIRMAN: Where is that -- on the back of what?

MR. REICH: This (indicating).

EXHIBIT NO. 33: Above resume of
policy, produced and
marked.

THE CHAIRMAN: On this question of classification you do not apparently have the same kind of problems we have in Ontario, where there is a great deal of rock excavation. As I understood you a few moments ago, you indicated you would classify gravel, earth and boulders under one -- did you use a term for the whole thing?

MR. TUSKIND: Roadway excavation.

THE CHAIRMAN: Could you give me an idea of what the unit price is?

MR. TUSKIND: It has been going down. We got one as low as 12-8/10ths on the last letting. 12-8/10ths a yard, the lowest.

MR. BECKETT, Q.C.: How does that compare with last year?

MR. TUSKIND: Last year, I think the average was around 20.

MR. JANES: Do you pay overhaul?

MR. TUSKIND: No.

MR. JANES: Would it be possible to have copies of some contracts completed?

MR. WYNKOOP: We could give you one of the

copies of most everything, I think.

THE CHAIRMAN: I think that would help.

COMMISSIONER THOMPSON: It is pretty close to the hour.

MR. BECKETT, Q.C.: It is after five.

COMMISSIONER THOMPSON: What time would you like to meet in the morning?

THE CHAIRMAN: On that, Mr. Commissioner, we will have a number of points, arising out of these documents, but there is also the main question of acceptance of work, whether that could be cleaned up this evening -- you have touched on it a bit -- or whether you would rather leave that until the morning? Also what your final procedures are before you accept the work. If you want to take that up in the morning, that would be the main heading I have left here, along with these other points which may arise upon looking over these documents.

COMMISSIONER THOMPSON: You expect to spend tomorrow here, do you?

THE CHAIRMAN: We were planning to be here until noon hour, and then we have buses arranged for after lunch. But Mr. Crawford brought up a point -- I do not know if we can even consider it -- but he mentioned that this Garrison development was something

which would be well worth seeing if we could possibly work it into our packed schedule.

COMMISSIONER THOMPSON: Where do you go from here in your buses?

THE CHAIRMAN: To Fargo and Bemidji.

COMMISSIONER THOMPSON: East.

MR. CRAWFORD: You could go to Grand Forks and Bemidji, which would not be very much further.

MR. MAPLEDORAM: What is this development that is going on?

COMMISSIONER THOMPSON: Garrison Dam.

THE CHAIRMAN: We think it is feasible, having in mind our programme. Is that not a \$200 million show?

MR. CAVE: More than that.

MR. WYNKOOP: It started off to be less.

THE CHAIRMAN: That is one of the reasons we are here. We have things that go like that, too.

---Discussion regarding schedule for the following day -- not reported.

---Whereupon the further proceedings of this Committee adjourned until Thursday, June 17th, 1954, at 8:00 o'clock, a.m.

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P R O C E E D I N G S

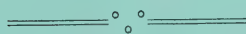
of the

**Select Committee of the Ontario
Legislature appointed to enquire
into matters concerning certain
Divisions of the Department of
Highways.**

MR. A. KELSO ROBERTS, O.C., CHAIRMAN

PRESIDING.

MR. V. J. JOHNSON, SECRETARY.



VOLUME XII



Bismark, N. Dak.

Thursday, June 17th, 1954.



T W E L F T H D A Y

Bismarck, North Dakota,
Thursday, June 17th, 1954,
8:00 o'clock, a.m.

Year	1990	1995	2000	2005	2010	2015
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The further proceedings of this Committee reconvened pursuant to adjournment.

PRESENT:

Mr. A. Kelso Roberts, Q.C., Chairman,
Presiding.

Messrs. Beckett, Q.C.,

Dent,

Herbert,

Janes,

Mapledoram,

Mr. R. L. MacTavish, Q.C., Committee Counsel

Mr. V. J. Johnson, Secretary.

APPEARANCES:

Mr. S. W. Thompson, North Dakota State
Highway Commission.

Mr. M. P. Wynkoop, Chief Engineer

Mr. Chas. J. Crawford, Manager of Planning
and Survey.

Mr. H. H. Muller, Assistant Construction
Engineer.

Mr. Bradley, Design Engineer.

Mr. E. R. Tuskind,	Plans and Surveys,
Mr. Frank Cave,	Bridge Engineering.
Mr. Reuben Reich,	Assistant Materials Engineer.
Mr. Duncan Gordon	Management Consultant.
Mr. John Walter,	Construction Engineer, Ontario Department of Highways.

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MR. WYNKOOP: Our estimate of the number of engineers we thought we had was not very good. Mr. Tuskind told me he checked over, and what did you find?

MR. TUSKIND: 70.

MR. WYNKOOP: We said 50 or 60 yesterday, I believe.

THE CHAIRMAN: Yes. Then, gentlemen, I think perhaps if you are agreeable we might start. There will be one or two members a little late, apparently, but we have quite a bit to do, and we have in mind this opportunity you suggested to us yesterday of getting up to Garrison, which means we should **start** as soon as we can.

MR. CRAWFORD: Shall I call Colonel Hillie and make the arrangements then?

THE CHAIRMAN: Yes. What does everyone think? I think we would like to do that, and I think in two

hours this morning, we could clear everything up, That will give us half an hour to get to the hotel and ready to leave. If we get away from Bismarck at eleven, when would we get up there?

MR. CRAWFORD: About twelve-thirty.

THE CHAIRMAN: Then can we get luncheon somewhere along the line?

MR. CRAWFORD: Yes.

THE CHAIRMAN: Is Garrison a town?

MR. CRAWFORD: No, but you can stop at Underwood there. There is a very nice eating place right along the road at Underwood.

THE CHAIRMAN: Then we should arrive at the project in the neighborhood of one or one-fifteen, and have about an hour there. Is that your thought?

MR. CRAWFORD: Yes. Shall I call the Commissioner?

MR. WYNKOOP: Yes, I think it would be a good idea, then he will call Colonel Hillie. Otherwise, you will not see very much.

THE CHAIRMAN: Then, Mr. Chief Engineer, I see the Commissioner is not here this morning. Perhaps I should address my remarks then to you. We have a number of things we want to talk about, but perhaps I should ask you this: I have been looking

for "flickers" ever since I came into North Dakota. It is known as the "Flickertail State". Could you tell me what they are?

MR. WYNKOOP: They are big gophers. I do not know whether you have seen any, but we have two types; we have a legitimate gopher or the better known little striped gopher, and then there is a larger one which looks like a small prairie dog without any stripe. It is called a "flickertail".

THE CHAIRMAN: There are some matters upon which I know Mr. Crawford is going to give us a lead, but I would like to get information if I can, on the form of the bond you use in this State, that is, the Bonding Companies' bond or the general bond. And also to ask you whether you have separate bonds or included in your bond, a bonding with respect to payment of wages and materials.

MR. TUSKIND: That is included in that bond.

THE CHAIRMAN: Wages and materials are specifically included?

MR. TUSKIND: Yes.

THE CHAIRMAN: Would that mean then, that, for instance, if a contracting company failed to pay the wages of its employees for an unduly long period of time, you would step in and insist it be done, and call in the Bonding Company during the course

of a contract?

MR. TUSKIND: Usually, all we have to do is call it to the attention of the Bonding Company and it sees that the contractor pays it.

THE CHAIRMAN: May I ask you in regard to that, whether you have any special procedure before you make your monthly payments to make sure wages and materials are paid -- when you are advancing on the contract?

MR. TUSKIND: No, I am afraid on our intermediate estimates, we do not. Before we pay the final, we check up on gravel, materials and such.

MR. MULLER: And sales taxes, to see that they are paid.

THE CHAIRMAN: I was thinking more of the protection the labourers and workers, and the men supplying the material, receive. He gets it, you say, very definitely through the bond?

MR. JANES: You are referring to the owners of the borrow pits and gravel pits?

THE CHAIRMAN: Well, I am referring to any creditors of the contractors on a monthly basis. You do have a bond which gives immediate recourse if there is a failure along those lines?

MR. TUSKIND: Yes.

THE CHAIRMAN: And you find that is sufficient without necessarily taking a declaration from the contractor before you make your monthly payments?

MR. TUSKIND: Yes.

THE CHAIRMAN: Do you have a form of declaration you require before the final payment is made, as to payment of all claims?

MR. MULLER: No, we do not have anything of that nature, with the exception of our gravel pits. In which case, we require that the owner sign a release for the condition of the gravel pit, that it has been left in proper condition, the spoil banks levelled and so forth. And then we get a receipt from the owner and have that on file.

MR. JANES: That would refer to borrow pits, too, I suppose?

MR. MULLER: We hardly ever have any.

MR. JANES: Level country?

MR. WYNKOOP: Yes, if it is borrow, we usually have it furnished by the contractor.

MR. JANES: I beg your pardon?

MR. WYNKOOP: If it is borrow, other than from the roadside, we usually have the contractor furnish it.

MR. JANES: He would have to show evidence

that was paid for, too, would he not, along with the gravel?

MR. TUSKIND: No, that is his deal. The gravel is our deal. We give the option for the gravel so we feel responsible for that, because the agreement is with us, and we have the right to transport, so naturally, we want to see that he is paid. But the other material he buys is simply a question of buying material. We do not feel responsible for collecting his bills.

MR. WYNKOOP: The bonding should cover it, however.

THE CHAIRMAN: Yes, if you have a very strict bond covering wages and material and so forth, then it would be practically impossible for creditors of one of your contractors to get "into a jam", where they could not be sure of being protected against through that bond. Am I right in saying that?

MR. WYNKOOP: Yes, I believe so.

MR. TUSKIND: In pretty nearly all cases. Of course, if a contractor bought a power tractor, you could not expect a bonding company to guarantee payment of that, it is only used on 5 percent. of the project, so it is up to him, the same as any other business man, to see that he is protected.

MR. JANES: The Bonding company would not release them until you do. Is that correct?

MR. WYNKOOP: Well, there is a time limit. I believe it is about six years. They are released eventually by the Statute of Limitations.

THE CHAIRMAN: Could we see your copy of bonding form before we leave?

MR. WYNKOOP: Yes, and by the way, our bonds are always approved by our Attorney-General as to form and so on. I don't know about each bond being approved on each contract -- they are on the same bond each time, but each time they are approved by the Attorney-General.

THE CHAIRMAN: And they are checked every time very carefully, is that it?

MR. WYNKOOP: It is just approved as to form. So after they have approved the form we have used, I do not think they do any more than sign it. But their approval is on the bond for every contract.

THE CHAIRMAN: Just in that connection; perhaps that answers this question already. But when a bond is being arranged for, and negotiations are being carried out in connection with it, are they usually carried on with an insurance agent or do you usually deal directly with representatives of the bonding company?

MR. WYNKOOP: Maybe both. We deal directly with representatives of the bonding company, but most times, they are insurance men.

THE CHAIRMAN: Perhaps I could put it this way. Do you consider that under your system, bonding people realize this is a risk about which they have to be pretty careful. It is not perfunctory and nominal.

MR. WYNKOOP: I am sure we do. While we have had very few jobs the Bonding Company have had to finish, we have had a few, and I am sure they realize the risk, because of those few they have had.

MR. JANES: Do I understand you to say then you had some jobs the bonding company did not finish?

MR. WYNKOOP: Did finish.

THE CHAIRMAN: Did finish.

MR. JANES: Did not finish?

MR. WYNKOOP: No.

MR. JANES: I misunderstood you then.

MR. WYNKOOP: No, I said we had a few jobs the Bonding Company did have to finish, and then they hire some contractor or take the equipment of the contractor who had the contract and put on their own superintendent. At any rate, they have to finish it.

THE CHAIRMAN: Just before we go on to this other matter, just on the question of unbalanced bids,

I think, Mr. Wynkoop, you might be able to give us a few revealing remarks on that.

MR. WYNKOOP: We do not like that; we keep "beefing" about that, but as yet, we have not thrown out any bids for that reason. But sometime or other, we will have to, if we cannot get the contractors to stop doing that. It is not too bad ordinarily, but some of them try to get a little too bright, and they take an item which they think there is apt to be a decrease in, and if the units in that item are not too great, they can put a pretty big price in on them, and benefit by doing so, usually.

We have one contractor who likes to bid on an item we do not use too much, a painting job. He likes to bid a cent a gallon, and we have instructed all the boys up there that they use all the materials set up on it. We are going to break him of that smart idea of his. We told him that, and we are going to do it, because you could use the other type oil, you see, and if he talked fast enough -- but he is not going to talk fast enough there, because it is 14 or 15 cents on the other type oil, and we are going to make sure he uses all the set-up of the one-cent oil.

The only other item we have any trouble with on unbalanced bidding is the price of water per thousand

gallons. That is an item which fluctuates so much we cannot blame the contractor too much. If we get rain, we use hardly any. However, we would rather see him bid a fair price on it, because it is an incentive for the fellow in the field to get the required water if they have a decent price, and on some jobs we are settling up the price in our contracts for a thousand gallons of water, and we may go all the way on that on the grading. We have not done it as yet on the grading, but we might.

MR. JANES: Do we have it in our contract, for water?

MR. WALTER: Yes.

MR. JANES: I never knew of anybody having to bid on water in our country.

MR. WALTER: Yes, they bid per thousand gallons.

MR. JANES: They probably go to a creek and get it.

MR. WALTER: That is right.

MR. TUSKIND: We get bids of one cent a gallon.

MR. WALTER: Ours is \$8.00 or \$10.00 a thousand.

MR. TUSKIND: We have 100,000 gallons of water and they go and put that in on something else.

MR. WALTER: That is definitely an unbalanced bid.

THE CHAIRMAN: However, you do not interfere when you see a wide range of that sort. You do not throw a bid out on that basis?

MR. WYNKOOP: I don't know that we throw them out. We stop most of that, too, by advising them we are going to do it if they persist.

Generally speaking, little contractors would go along with you on that, too, because they would rather have that done.

THE CHAIRMAN: Thank you, gentlemen; you were good enough to give us two documents to look over. I have had a chance of doing that, not in detail, but making a cursory examination of these two documents, and I see that back in 1952, which is approximately two years ago, you undertook in this State, a very detailed survey, and engineering study of North Dakota's roads and streets and a plan for the future which appears in this document which we will mark as Exhibit No. 34.

EXHIBIT NO. 34: Above
publication, produced and
marked.

THE CHAIRMAN: And hand in hand with it, "Financing North Dakota's highways, roads and streets; a Report submitted to the Legislative Research Committee of the State of North Dakota, September 15th, 1952".

EXHIBIT NO.34(a): Above
financial report, produced
and marked.

THE CHAIRMAN: I think perhaps Mr. Crawford is going to talk to us about some of the details of these two documents. I take it they are really the results of months of research work and planning on the part of the committees which were set up to do that. Am I right in that interpretation?

MR. CRAWFORD: The background of the work took twenty years; the actual study and analysis of it took about eighteen months.

THE CHAIRMAN: Taking a look at the committees, so we have the background of that, the engineering study was prepared for North Dakota Legislative Research Committee, by the Automotive Safety Foundation, with the co-operation of the North Dakota State Highway Department and the U.S. Bureau of Public Roads.

MR. CRAWFORD: That is right.

THE CHAIRMAN: And the Financial Report, I see is signed "James C. Nelson, Economic Consultant and Professor of Economics, Washington State College," and there was a committee set up with him as chairman, is that right?

MR. CRAWFORD: He did it himself, but he again, used the information which the Department had

previously gathered over many years. Much was additional work that he got during the study.

THE CHAIRMAN: There is one thing which I think will be of great interest to everybody and that is this planning and sufficiency rating which is referred to particularly I think on page 143 and following, of the Engineering Report. I think if you would just tell us about that generally, and then if you are going to be good enough to refer to these maps which reflect planning which has been done, possibly in connection with that, you will give us an example, say, on a secondary road situation where a delegation might come in from some township or county wanting special work done. Could you tell us how you would deal with that, as a result of this sufficiency report you have. I think we would be very interested to hear that, and I would suggest, Mr. Crawford, that it be brought up along here where we can see better than away down at the other end.

MR. CRAWFORD: Some of this I do not know too much about, especially that financing book there. There is an awful lot in it. Did you read it last night?

THE CHAIRMAN: I read it at six o'clock this morning.

MR. CRAWFORD: In Arizona, several years ago,

the engineers tried to determine a method of procedure to follow in setting up what could be termed a comparative method of determining the adequacy of their roads in one community to another, to serve the needs of the community as well as the through traffic. They developed a method of rating, and gave it a name, and called it a "Sufficiency rating", or it could be called an "adequacy rating," if you wish, either one.

On consideration, they broke the items into three main categories, the first being "condition" which would reflect physical condition of the road, its actual physical condition and place; safety, which would reflect the ability of a road to perform; and service, which would reflect its ability to provide the service or carry the load which would be imposed in each particular area. In other words, there are three main factors of the road, its ability to do the work, its availability for service, and safety qualities.

We started in and attempted to work out a sufficiency rating for the North Dakota State Highways. It is quite a long job. It is not something you are going to do right the first time, because no two men would go out and rate the road the same in one year. It is a thing which with us yet, is in a little bit of a flux. We have not developed it yet to a point where

it will do what we want it to do, but I believe in a year or so, we will have it in a condition where it will reflect that information with a degree of accuracy that will be acceptable.

On this top map, we have plotted out the sufficiency rating in much the same way you would plot out a traffic flow map. We have rated it on a basis of 100, condition being given 40 points, safety, 30; and service, 30. And if the band on the basis of an inch is an inch wide, it would reflect 100 percent. In other words, completely adequate. Any deviation from that inch to a smaller width indicates a decrease along that line, somewhere in its ability to serve.

MR. JANES: Is that the blue band you are referring to?

MR. CRAWFORD: No, that is the cross-hatched band. In the middle, we have in colour, shown a condition, because, after all, the physical condition of the road is really the prime item when you have many roads which are inadequate, and where you cannot give adequacy in all areas at all times. And here we have shown by various stages, the conditions in the coloured section. Arbitrarily, we pick out a point of 14 and under on condition, as being inadequate, because of that point. That is shown in red. The green would be from 15 to 24, and the blue from 25 to 40.

On this map on which our primary section is shown, there is not too many roads which get into what you might call completely inadequate. Strips of road which are not shown are strips which are under construction at the present time, in other words, will come up to complete adequacy upon completion of that contract.

This procedural method is used in some States now, which have been using it for longer periods than we have, to an extent whereby they programme up to 80 percent. of their total programme on the basis of this priority as determined from this procedure.

THE CHAIRMAN: That is, 80 percent. of the money they have available in a year to spend, is allocated on that priority basis?

MR. CRAWFORD: Yes, the other 20 percent. is retained to take care of things which the sufficiency rating cannot cover. You have no ratings or no means of including such things as a coordinated system; in other words, you could not build a highway across the State and leave a gap in here (indicating). Or you might have a piece of State construction, or inadequate bridges, so the remaining 20 percent. which they retain is to take care of those items. It also acts as a cushion for a certain amount of political expediency

where it is necessary. Or perhaps you do not have that?

So possibly, in the future, if we get to a degree of improvement where there is no question, then priority on this basis on our primary system could be readily used.

It could serve another purpose also, in that it would allow for the more or less scientific termination of an approach to the questioning of pressure groups; in other words, you would not just have to say, "We are not going to do it", which is not quite a satisfactory answer, at least it does not satisfy too many.

THE CHAIRMAN: Would you illustrate something of that sort; on the county level rather than the State level?

MR. CRAWFORD: On this map here (indicating), this is the secondary portion. Our highway system is broken into three types of roads, as we indicated yesterday. There is the primary system, which is 3,400-odd miles, the secondary system of roughly the same amount of mileage, and 300 to 400 State roads only, making a total of 7,000-odd miles.

The greatest attention in the State for the past many years has been to the road which would give

the most benefit by improving, and that naturally is going to occur on your primary system where your traffic is the heaviest and the service to be performed is the greatest. As a result, the inadequacy which exists, exists mainly on our State secondary system, and you can see where we had a half a dozen spots on the primary system which appeared in red -- there is a lot of it on here. But say this delegation did come in; I come in and say, "My road is in very poor shape; I need a new road in here (indicating)". Mr. Wynkoop would say, "Wait a minute".

MR. WYNKOOP: He has a couple of farms up there, too.

MR. CRAWFORD: It is in bad shape.

MR. WYNKOOP: I would say, "I will not argue that, but there are lots of roads around in worse shape, like here and here (indicating), and before we get to you, we will have to take care of these, because their degree of inadequacy is greater than yours".

MR. JAMES: Does he go home happy?

MR. CRAWFORD: No, but at least he goes home and he is not trying to shoot somebody.

THE CHAIRMAN: They can see and know what the situation is.

MR. CRAWFORD: I did not get that road , that's true. But it does give the Administrator a

tool. A sufficiency rating will not solve all your problems by any means, but it gives you a tool which your Administration, and you, as Legislators, can use in your dealings with the public.

I mentioned to Mr. Walter last night that I did not think he had pressure groups. He disagreed with me. We all have them.

THE CHAIRMAN: Might I ask you on that; that is changing all the time?

MR. CRAWFORD: That is right.

THE CHAIRMAN: You have a draftsman on that, I suppose, and frequently bring it up to date, do you?

MR. CRAWFORD: No, we physically investigate the roads once a year.

THE CHAIRMAN: I see.

MR. CRAWFORD: We try to do it in the spring for several reasons. One is that your weaknesses will appear then.

MR. JANES: There is a question there. I think you told me yesterday you have about eight divisions?

MR. CRAWFORD: Seven highway divisions.

MR. JANES: Does the Division Engineer cover those?

MR. CRAWFORD: No, we have one man who does it.

If you were going to have seven men do it, for instance, no matter how good they were, you would have different answers. We have one man do it. He is not the best man we have, or anything like that, but he is good.

THE CHAIRMAN: What qualifications would he have?

MR. MAPLEDORAM: Would he be an engineer?

MR. CRAWFORD: He should be, with highway experience. In this instance, we have an individual who has very good judgment; he has very little engineering experience, but he has very good judgment, and has been dealing with these matters to some extent. Through our work with him, I believe we have been able to indicate to him what we want.

MR. JANES: It would be almost impossible for one man to cover all those roads in a reasonable length of time, would it not?

MR. CRAWFORD: No, it takes about two months. You can make from 40 to 150 miles a day, depending upon the road you are covering.

MR. WYNKOOP: Would you make that much first? You can now, but what about the first time you went over it?

MR. CRAWFORD: No, we would average about 40 miles a day.

MR. JANES: Does he just drive over that road, and use his own judgment?

MR. CRAWFORD: He drives over the road, investigates the drainage, goes over the surface of the road, and generally investigates the condition of that road.

THE CHAIRMAN: Does he contact any local person, say a councillor, as he goes along?

MR. CRAWFORD: No, but he does contact the Division Engineers in each Division, and talks over the condition of the roads. In the remaining portion he has, he can go out and get "Ted" Ericson, and he would say, "I am having an awful time with the road down there, it just won't bear", so it gives him a lead as to what he is looking for.

MR. JANES: Would he have a traffic count on those roads before he went out, to have an idea what traffic they would have to carry?

MR. CRAWFORD: This map (indicating), you will notice, is broken down to control sections. That is our control section through there (indicating). It gives the county, route number and section number.

His work sheets are made up in the office before he goes out, and on those are shown the plane, the degrees of curvature, horizontal and vertical,

and the traffic count, and on the traffic count, we use that standard of design which you have as an Exhibit there, and he has that information, so when he comes to a piece of road, his physical details and other information like that are on the form, and on the basis of that, and the standard of design that the road should be if it were to be completely adequate according to our information in here (indicating) he is able to make his evaluation.

THE CHAIRMAN: You consider that a very useful system, do you, Mr. Crawford?

MR. CRAWFORD: As I say, I think it will do. But we have not had it long enough in this State.

MR. BECKETT, Q.C.: How long have you had it?

MR. CRAWFORD: This is the second year, last year was our first rating. This year, it is better than last, and next year it will be better than this year.

THE CHAIRMAN: And it started as a result of a recommendation?

MR. CRAWFORD: Yes.

THE CHAIRMAN: So, since this report, which is less than two years old, you have built it up to what you have shown there today?

MR. CRAWFORD: That is right.

MR. MAPLEDORAM: Do your county officials accept that system as what they want?

MR. CRAWFORD: We do not go to the county roads at all. They are not on here.

MR. MAPLEDORAM: Just State roads?

MR. CRAWFORD: Just State roads.

MR. JANES: It is rather a compact State. I suppose conditions are much the same throughout the State? The population about the same?

MR. CRAWFORD: You mean per square mile?

MR. JANES: Yes.

MR. CRAWFORD: Oh, no. In the eastern part of the State, you have your valley section, and your poor soil conditions and high population per square mile. It gets continually less per mile as you come out to the west side. There is a traffic flow map I believe, as part of your Exhibits.

THE CHAIRMAN: Yes, Mr. Crawford, I see at page 114 of the Engineering Study it states that:

"At the very beginning of the study, the engineering staff selected a committee of engineers experienced in highway and street work in North Dakota.

"This committee was divided into three subcommittees to consider the problems of State highways, county and township roads, and city and village streets.

"Another group of engineers prepared a special report on highway soils."

MR. CRAWFORD: That is right.

THE CHAIRMAN: That is the way you went about it, in part, as set out there; the appraisal?

MR. CRAWFORD: That is right. By the way, could I interrupt for a minute? The Engineering Committee which worked with the Automotive Safety in the study of the State's system, was comprised of State Highway engineers. The Engineering Committee which worked on the field work for the county systems were county engineers who submitted the information in there, at which time engineers assigned to the study by the Highway Department evaluated their work, and so would the cities. So each was particularly familiar with the work they were handling.

THE CHAIRMAN: I have read enough to indicate the answer is "Yes", but I will ask you anyway. Would you say as a result of this study, your methods and your roads have improved considerably?

MR. CRAWFORD: No.

THE CHAIRMAN: You wouldn't?

MR. DENT: You guessed wrong.

MR. CRAWFORD: The improvement or betterment of the Highway system in this State depends upon an

adequate financing programme. You are unable to plan a system of highways, unless you have an adequate financing programme, any more than you would be able to adequately determine the method of approach to acquiring a business, if you did not know where you were going to get the money.

When you have to, as we have done for many years, work on a short-term basis, each two years is a period in itself, then it makes it very difficult to determine the long-range highway programme.

THE CHAIRMAN: I see that the financing system does lay out a ten-year programme, a fifteen-year programme, and a twenty-year programme.

MR. CRAWFORD: That is right, but the Legislature first must approve it.

MR. JANES: Do you mean the Legislature sets up a programme which carries for two years?

MR. CRAWFORD: No, they generally attempt to make money available to match Federal Aid each two years, but the Department is not in a position to know whether the Legislature is going to to any particular thing or not. Therefore, we can set up a priority rating system on the highways today, and have a financial programme that would meet only one-quarter or one-tenth of that need.

Then if you can only take care of that portion

of it, as time goes on your priorities are going to change. They will not be the same next year as they are this year, so unless you are able to take care of your programme as you need it, and have an adequate financing programme to go on, you will not be in a position to say to an individual, "Three years from now, we will build that piece of road for you".

THE CHAIRMAN: In other words, you are still starved for money?

MR. CRAWFORD: We are starved for money and the condition may get worse before it gets better. But that time will come, of course.

THE CHAIRMAN: I see on page 123 of the Financing Statement or Report, with reference to the 10-year programme, it is headed:

"Table 26. -- Annual costs of alternative future highway programmes, by present highway systems and type of improvement, State of North Dakota"

and then it outlines the State and all the other various types of roads and shows a total for all systems on a 10-year basis, annual expenditures required of \$51,934,000.

MR. CRAWFORD: That is right.

MR. GORDON: May I ask one question there?

Your answer to the Chairman's question as to whether the long-term planning paid off was "No", because of finances?

MR. CRAWFORD: That is correct.

MR. GORDON: Regardless of finances, though, it still helped you do a better job than you would have been doing if you had not received it?

MR. CRAWFORD: Yes. I would say this, that my answer was "No" up to this time, but it has provided a means that the Legislature will no doubt use in determining what the State of North Dakota needs in the line of highways. For various reasons, we have this system; we think it is considerably too big, we think it should be cut down, but individuals in the various communities object very strenuously to having a road taken off the State system and placed on the local system, because, after all, even though the State's approaches are what we consider negative, it is still better than they get from the local authorities.

MR. JANES: They have the same kind of people we have.

MR. CRAWFORD: So the Legislature is not going to cut the system down. They are battling for money to take care of what is there. This report was submitted to the Legislature a very short time before

they met. The groups which were going to educate the Legislators into accepting it, did an awfully poor job, and that created a lot of resentment, and the net result was that very little was achieved. The approach was wrong, but I believe in the next session coming up next fall, the Legislature will do a great deal more than they did two years ago.

MR. JANES: You think they are more susceptible to your --

MR. CRAWFORD: No, but they have had more time to study and begin to understand it. Before, they had ideas which they had obtained from hearsay rather than facts.

MR. JANES: There is a question comes to my mind now. I think you told us yesterday your State expenditure on highways was about \$16 million?

MR. CRAWFORD: Oh, it runs from \$18 million to \$20 million total on maintenance and construction.

MR. JANES: Does that cover the Federal Aid plus yours, or is that just yours?

MR. CRAWFORD: No, that is Federal Aid, plus State's.

THE CHAIRMAN: That is the State part?

MR. CRAWFORD: No, that is the Federal Aid plus the State.

MR. JANES: That is the total expenditure?

MR. CRAWFORD: That is the total expenditure from all sources.

THE CHAIRMAN: Including your county roads?

MR. CRAWFORD: No, just on State roads.

THE CHAIRMAN: But this \$50 million I mentioned includes the other roads as well?

MR. CRAWFORD: That is right.

MR. JANES: You are spending \$16 million yourself, and then getting 50 percent. from the Federal government if you can?

MR. CRAWFORD: No, the Federal Aid runs about \$6 million a year, does it not, Mr. Wynkoop?

MR. WYNKOOP: It has been.

MR. CRAWFORD: Yes, and plus your same amount of Federal Aid expenditure, plus maintenance, etc., brings it up to \$18 million-plus.

THE CHAIRMAN: Mr. Crawford, I notice in Chapter 9 of the Engineering Study, under the heading of "Programmes", they have definitely considered a ten-year programme, and talk about \$250 million of expenditures required over that period of time.

MR. CRAWFORD: That is right.

THE CHAIRMAN: Have you the blueprints into that any distance, or are you planning anything like that?

MR. CRAWFORD: No, the programmes you see in both those studies were means of approaches that the Legislature could use if they were going to attempt to do this within a so-called 10, 15 or 20-year period. The amounts of money in each one of those programmes would vary, because, after all, if you are going to work on a ten-year period, your mileage of deterioration during that period would be less than it would be during a 15-year period, and so on. So you have a continual wearing out process.

THE CHAIRMAN: Do you consider, by doing these things you are doing, and working to this plan, that you are getting yourself set up, if and when the authority comes along you will know exactly what you are going to do for some little time ahead?

MR. CRAWFORD: We would, yes.

THE CHAIRMAN: And you can get to work as soon as you get the "go" sign and the money?

MR. CRAWFORD: The job of location and design, of course, would take its place in that. It would take a little while to actually get in the swing of it, if we could go. But we could do it.

MR. JANES: Mr. Chairman, I wonder if we could get in a question here about responsibility of the Division Engineers, what authority they have, and so on?

THE CHAIRMAN: Would you let me just finish with this, and we will come back to that? I think there were one or two points arising out of these reports upon which I would like to touch. I notice at page 132 of the Engineering Study, there is:

"It is not anticipated that each mile of road to be replaced will be entirely re-constructed. For instance, in the required replacements of presently tolerable low-type surfaces on the State Highway System, 50 percent. of the miles would be replaced simply by re-surfacing with the same or higher types of pavement at an average cost of \$11,500 per mile. 30 percent. would be partially re-constructed at an average, of \$17,700, while the remainder would require extensive re-construction at an average cost of \$25,700 per mile."

Would you say those average costs stated there are approximately correct in practice?

MR. CRAWFORD: I would say they are approximate correct in practice on this secondary portion. But let us be honest about this. The engineers in their study and Nelson in his physical study, were trying to find a means of approach that would give a degree of adequacy which was within our means. They were not

shooting at something that would be nice to have; in other words, not trying to sell us a Cadillac when we should be driving a Chevrolet. In view of that, a lot of these roads where we show condition as being pretty good and safety pretty fair, they, in their report, have recommended that instead of going into extensive reconstruction, that we fix up our shoulders and drainage, and our surface, with an asphaltic type or something like that, and in doing so, it would take care of that road and its needs for the next ten or fifteen years. It would not give you a road you could say is going to be able to be perpetuated indefinitely, but it would get us past this critical period.

MR. GORDON: Could I ask a question there?

THE CHAIRMAN: Certainly.

MR. GORDON: Mr. Tuskind, a few minutes ago, you mentioned the fact that due to your wide right-of-ways, and the nature of the country, that in a great many cases you did not have to get borrow from pits; in other words, it was a matter of moving the material right onto the roadway without going beyond the right-of-way. That would have quite an effect on reducing your costs.

MR. CRAWFORD: Not too much, because, after all, you have a road in place; that road may or may not have salvage value. The actual dirt is cheap, and

getting it is cheap, and you have to borrow.

MR. GORDON: Depending on the haul, though?

MR. CRAWFORD: That is right, but the haul is always short, or nearly always. But you have to do work on the existing place before you can re-grade. If you do not, you do not have uniform compaction. You know that, Mr. Walter. You cannot just pile dirt on an old road; you have to shade it off, and compact it.

MR. WALTER: The point Mr. Gordon wants to make, though, is that the topography is rather level, and the quantity required per mile rather low compared to heavy grading.

MR. CRAWFORD: Yes.

MR. WALTER: And materials are available and hauls short, and as a result, the prices are low. That is right?

MR. CRAWFORD: That is right.

MR. JANES: The question comes up there, Mr. Walter; do we not often have difficulty getting suitable material?

MR. WALTER: We have problems, yes.

MR. JANES: To get a borrow pit which will give you the material; I know in my country up there you sometimes have to haul all borrow material several miles in order to get material they can use. Do you

have that difficulty?

MR. CRAWFORD: No, we do not. In selecting material, Mr. Tuskind, you don't often have a very extensive haul?

MR. TUSKIND: No.

MR. WALTER: Those bridges run from 80,000 to 100,000 cubic yards per mile.

MR. TUSKIND: We have some that run 100,000 to the mile, sometimes, when we go out to a 250-foot right-of-way, where we have cuts.

THE CHAIRMAN: And I see at page 152 of the Engineering Study -- and this is something we have been hearing a bit about in our own area, too -- it is pointed out:

"The rates of pay for all technical personnel should be made commensurate with the rates paid by competing industries, other States, and the Federal government".

And it goes on to point out the difficulties of hiring and keeping employees, and so forth. Is that being remedied to some extent?

MR. CRAWFORD: To some extent, but the Chief would be able to answer that better. Unfortunately, any time you have a political subdivision hiring men, subject to approval -- we would not say "approval", but

subject to the agreement of our Legislators, they sometimes they feel that \$400 salary is excessive; they are used to making \$200, or \$600 salary is excessive if they are used to making \$300 and so on. I think in all units of government, there is a lack of appreciation of salaries which have to be paid to technical personnel if you are going to compete with private industry.

MR. JANES: Is it not true that wages and so forth would be ruled by the wages paid in that particular locality, rather than any place else?

MR. CRAWFORD: To some extent, but in our State, they are quite uniform.

MR. BECKETT, Q.C.: Right across the State?

MR. CRAWFORD: That's right. We have no industrial areas where you have a different condition existing.

MR. JANES: They vary a little with us.

THE CHAIRMAN: I notice you have a reference to a retirement plan here. Is your set-up a civil service for the majority of these people?

MR. CRAWFORD: We have no civil service.

THE CHAIRMAN: Is the set-up something similar to a civil service?

MR. CRAWFORD: No, the State law provides on retirement, an old-age assistance similar to social

security, but that is all. The payments which are paid from that fund upon retirement are inadequate to maintain a man even with the necessities of life.

MR. JANES: Might we ask what they are?

MR. CRAWFORD: They run at present, to a maximum of approximately \$100. a month.

THE CHAIRMAN: At the time of this Report, it was \$66.00, but that has been raised?

MR. CRAWFORD: They have raised it somewhat, yes.

THE CHAIRMAN: You have many people who are in this Highways Department in North Dakota, as a career, and they are permanent employees, are they not?

MR. CRAWFORD: That is right.

THE CHAIRMAN: Then the term "civil service" is a little confusing?

MR. CRAWFORD: That is right. I say "Permanent employees"; they are not subject to political animosities, or anything like that, nevertheless the salaries which are paid in any political subdivision are really inadequate to provide a man with a savings account which would take him through his inactive years.

MR. JANES: Have they no pension plan for permanent employees?

MR. CRAWFORD: No.

THE CHAIRMAN: Well, the permanent employees -- and I am using the term "civil service" as we have it in the province of Ontario -- your permanent employees would be in that same category?

MR. CRAWFORD: That's right, and that is a detriment to us, of course, because, after all, as the fellows go on and want experience, and they see they cannot get it there, they look for other employment and they find it.

THE CHAIRMAN: I was going to ask, what percentage of highway employees comes in the permanent class as distinguished from casual?

MR. CRAWFORD: In the engineering personnel?

THE CHAIRMAN: No, the whole set-up.

MR. TUSKIND: Maintenance, too?

THE CHAIRMAN: Yes, I would say the whole picture of your Highway personnel.

MR. CRAWFORD: What would your estimate be, Mr. Wynkoop?

MR. WYNKOOP: With the hourly employees in there, it would be pretty hard to figure.

MR. CRAWFORD: With the maintenance employees on an hourly basis, permanent but paid on an hourly basis.

THE CHAIRMAN: Are they paid the year 'round?

MR. CRAWFORD: Yes.

MR. TUSKIND: That is when there is work for them. They may be laid off for awhile.

MR. CRAWFORD: Most of them are kept busy the year 'round, though.

MR. TUSKIND: But we have fluctuations.

MR. CRAWFORD: Of the balance, I would say 50 percent. of the employees in the Highways Department would come in the category of permanency.

THE CHAIRMAN: Yesterday, you told us a little the difficulty of about/getting engineers, and I see in this Report, there is a section suggesting your Department should have educational scholarships. Has anything been done along those lines?

MR. CRAWFORD: No. There have been many proposals advanced to induce younger fellows to enter the Highways service, but when private industry comes along and make an original offer that beats, possibly by 50 percent., the best you can do, scholarships and other imaginary inducements are not very acceptable.

THE CHAIRMAN: At any rate, you have not found the solution?

MR. CRAWFORD: No.

THE CHAIRMAN: Then, I see also, on page 156, of the Engineering Study, under the heading, "Legal Services" -- Mr. Dent, take proper notice -- :

"Continuous legal service is essential to any large scale operation. The Department spends millions of dollars of public money each year. It should have the assistance of a full-time legal staff to advise on matters of law, to represent it in legal controversies, and to protect it in its contractual obligations."

As a result of that recommendation, have you set up a legal department?

MR. CRAWFORD: Where we had no permanent legal assistance before this time, we do now have a part-time one. We have an interest, with another Department, in the services of an attorney.

MR. WYNKOOP: Yes, two-thirds of an interest.

MR. BECKETT, Q.C.: Would that attorney then be a permanent employee of the State?

MR. CRAWFORD: That is right.

THE CHAIRMAN: Under the heading of, "Accounting and Budgeting", page 157, the Report points out that:

"An adequate system of accounting should give both fiscal and administrative control over highway expenditures and operations. This requires the keeping of fiscal accounts on an accrual basis rather than a cash basis, and the establishment

of realistic cost accounting procedures. More detailed discussion of the requirements and value of cost accounting is contained in the Chapter on Maintenance.

"For uniformity and economy, all accounting operations should be centered in one accounting unit.

"Sound advance planning and good accounting procedures are necessary to realistic budgeting. A good budget system is necessary to proper administration of expenditures, and operations of the Department."

MR. CRAWFORD: That is a short paragraph which covers an awful lot of territory. We have set up on an engineering base, the basic needs for accurate and careful accounting. As I indicated before, we have control sections which are permanent; they will never be changed. Unless the highway is abandoned or moved a considerable distance away, they always remain. Re-construction and local re-locations and one thing and another will not affect it, you will always have that control section. That makes a road identifiable as giving service in that particular area, in other words, it makes available the unit highway as a basis to which can be charged the various costs which

might accrue.

That is about as far as the engineer can go. Then the accountants have to take over from there, and see that these various accurate methods of accounting are followed and practised. It requires a continual co-operation between your engineers and your working staffs. At the present time, we are having difficulty in our accounting section, and we hope it will be remedied, but the means and the methods are available.

THE CHAIRMAN: There was also a mention made in here under "Equipment", that you have upwards of \$5 million worth of road equipment in your Department. Do you do any of your own building at all?

MR. CRAWFORD: To a very limited extent. Mark, would you take that?

MR. WYNKOOP: Yes. There are some, usually the smaller jobs. We would rather do some sloping and some ditch work, and repairing a wash-out, or something like that, rather than try to compete with a contractor.

MR. JANES: But most of your repair work you do by contract?

MR. WYNKOOP: Yes.

THE CHAIRMAN: The use of two-way radio is recommended here as an advisable procedure. Have you tried that at all?

MR. CRAWFORD: We have five of them now.

THE CHAIRMAN: Do you consider that quite a help, too?

MR. CRAWFORD: In the particular type of work these fellows are doing, it is very essential, and works out very well. It is used in connection with weight control. We have ten permanent scales around the State, and one portable scale which we drive all over. We have one supervisor in the building, and two assistants in the field. One has the eastern half, and one the western half of the State. They have radios in their cars and also a radio in this portable scale car. For instance, he might be working up in Pembina County and we want him down in Emmons tomorrow; we can contact him without sending anyone after him, or if we want him to move over to another job, whatever we want to do, it gives immediate contact.

MR. JAMES: Do you use any snowplows at all?

MR. CRAWFORD: No.

MR. GORDON: In Ontario, they have a pretty elaborate system tied in with the Bell Telephone, in the southern part, as opposed to doing their own communication work. But a great deal of their equipment, and I think most of the patrol men, can call in through the Bell line.

MR. JANES: That is right.

THE CHAIRMAN: We are going to file these reports and I think there is a great deal of information to be obtained from them.

MR. CRAWFORD: We will give you any manuals on sufficiency and so on, if you like. They are being prepared now.

THE CHAIRMAN: Will you watch for that, Mr. Johnson? That would be a matter of what, in time?

MR. CRAWFORD: In the next month.

THE CHAIRMAN: They are manuals on sufficiency, to be ready within the next month.

MR. JOHNSON (Secretary): They will send them to us?

THE CHAIRMAN: Yes.

Mr. Janes would like just a little more information on auditing. Should that be directed to Mr. Crawford again? Perhaps you had better put the question yourself, Mr. Janes.

MR. JANES: I am wondering—and I am asking it for the particular reason that we have had some difficulties --what kind of auditing system you have? Does it cover your contractors when they are working, if those accounts are audited by your auditor, or how it is handled. I wondered if such a system

would not have prevented our difficulties, if we had had a complete system covering that, so that nothing would be paid until the auditors passed it, and so on.

MR. GORDON: I think there is a little confusion there. We do not do any auditing of the contractors' records, except in case of dispute, and then we have the right to go in and audit.

THE CHAIRMAN: That is the Ontario situation.

MR. GORDON: Yes, that is the exception.

MR. JAMES: I wonder if there is anything further to that?

MR. CRAWFORD: There is no particular reason to audit the contractors' accounts. After all, you are not paying them cost-plus, you are paying them unit prices on a contract bid. You provide the means of being assured you get what you contract to get. If he can furnish it to you for nothing, that is his business, and if it costs him twice as much as he bid, that is still his business. So you are interested in the contractor. In some instances in the past, where there have been labour requirements that you had to use a certain amount of man hours and that sort of thing, it was necessary under those conditions to check to see whether that was done or not. But those are specific things. But to check the contractors' dollars, I can

see no reason to do it.

MR. JANES: I was thinking more of where a contract, say, was over-running.

MR. CRAWFORD: Why should it over-run? You are not going to have an over-run without a change order, and if you get a change order for specified quantities, it has to be on the contract.

MR. BECKETT, Q.C.: By "change order", you mean that is a new contract?

MR. CRAWFORD: It is a sort of supplementary contract.

MR. JANES: Who makes that change?

MR. CRAWFORD: The Chief Engineer.

MR. JANES: The District Engineer does not do that?

MR. CRAWFORD: He can request it.

MR. WALTER: You have an engineering audit of your field engineers' quantities submitted each month?

MR. CRAWFORD: Mark?

MR. WENKOPF: Well, we have it in a way, I guess. We have central office engineers, engineers who have gone over the road during that month, construction engineers sometimes. The Bureau of Public Roads has to make an inspection of the job just shortly before our monthly estimate is issued. They have a check also

on the percentages paid and so on, so we have a rough check on them now, on the quantities. Then if they run into some difficulty which requires an over-run, a change order would be submitted, and would have to be o.k.'d all along the line. So we have a pretty good check at all times.

THE CHAIRMAN: On the District Engineer level, following that accounting matter further, do you have local accountants in the Districts?

MR. WYNKOOP: Well, none of this is really accounting, I guess; they are all engineers who are doing this checking, but I mean we do know about the amount of units which have been moved, the amount of work done each month. Our District Officer, or Division Officer as we call them; they get over the jobs during the month several times, their assistants get over and so on, so we have a pretty good idea.

MR. JAMES: To what extent are your contracts extended in that way? Does that happen very often, that you have to increase the quantity of material?

MR. WYNKOOP: No, not usually. Something unforeseen might develop on any job, but ordinarily our jobs run pretty close to the contract amount. We might get a re-surfacing job on an old road, and over-run more than we would on some others because of the

hauling over an old road. It is pretty hard to set up the quantities as on other jobs. You do not know how much breakage is going to occur before the work is done. Usually, it goes through another spring break-up, and we had one or two of those jobs on which we had quite an abnormal over-run. But it was checked in the field, and we had the Bureau of Public Roads representative who was familiar with it, and there was no question as to the amounts, the units which were used, and everything.

THE CHAIRMAN: Perhaps -- coming at this a little differently--it is a question of checks on the measurements, and so forth; when you make your original pre-engineering job, that is on file here in your Head Office? The plans, the profiles, cross-sections and all that, whatever you prepare, are all on file here, I take it, right from the start, are they?

MR. WYNKOOP: Yes. We have them filed here, the Division Officer has them, the contractor has them, and the resident engineer.

THE CHAIRMAN: Before they ever start the work?

MR. WYNKOOP: Yes.

THE CHAIRMAN: And the only other time, I gather from what you said yesterday, when there is a

re-checking, a complete re-checking, is at the end of the job just before you clear it?

MR. WYNKOOP: Yes. On the grading job, they make a complete re-cross-section of the entire job, except, as I mentioned yesterday, we have now permission from the Bureau of Public Roads to let a couple of jobs on the original figures and if there are no changes, that is how it will be paid. But ordinarily, we make a complete check of everything.

THE CHAIRMAN: But when you do your clearing job at the end, then do the same people have copies of those plans as had the original sets at the beginning of the job?

MR. WYNKOOP: No, we make the re-cross and then we figure out usually in the main office drafting room in the winter, we figure the final quantities we will pay the contractor up to 90 percent., and we recover those yardage quantities.

THE CHAIRMAN: What I am getting at is this; if the original plans are in your possession and in the possession of the District or Division Engineer and in the possession of all the people you mentioned, the final plans, more than one person or more than two people would have access to both the original and the final plans at the same time; what I am getting at is,

if there was any differences or pronounced changes in them, it would be immediately be to the knowledge of you at Head Office, would it not, to start with?

MR. TUSKIND: On a change order, of course, after we have made all our checks and find out whether there are increases or decreases, then the plans are revised and copies sent to the Division Office.

THE CHAIRMAN: I will be very frank with what I am trying to get at. To what extent is it impossible or nearly impossible for any "fudging", such as the term is used, a changing of the records, anywhere along the line, in your set-up here, without at least several people knowing about it?

MR. WYNKOOP: We just have one set of men working on the re-cross and so on, so there would be four or five there. But anything that they could "fudge" would be very immaterial I would say, because there would be so many people who would have a very close idea of what it should be, that if it were to get out of line at all, it would be checked and re-checked.

MR. GORDON: Could I put it this way?

THE CHAIRMAN: Certainly.

MR. GORDON: You rely on your check and the fact that your original estimates are accurately prepared

MR. WYNKOOP: That is right.

MR. GORDON: When the actual quantities are measured off, if the actuals are running far in excess of the originals, it would be apparent to the resident engineer who has the original estimate, to the District Engineer who has the original estimate, and to Head Office?

MR. WYNKOOP: That is right; I think it would be very apparent.

MR. TUSKIND: Some run more than they should, and we check up and find the reason. We check shrinkage and so on.

MR. WYNKOOP: But usually, there are half a dozen people at least who would be able to tell.

MR. GORDON: You are relying on the accuracy of your original estimates and if the actual figures depart from the original estimates, then you make enquiries as to why the difference, and get an adequate explanation?

MR. WYNKOOP: Yes.

MR. JAMES: What I was trying to get at was, if the resident or District Engineer has the authority to raise the quantities on a job. Suppose he came upon a certain problem, that something had to be changed, he would, I suppose make an estimate and send it to you, would he not. Would you then approve

his estimate almost automatically, or what would be the situation?

MR. WYNKOOP: It is all measured, but we would approve his recommendation on something which was not too big. If it was something extraordinary, we would go out and check with him, and so on, but everything which he would approve, would be measured.

MR. JANES: But unless it was an abnormal increase, you would not go and check it?

MR. WYNKOOP: Well, we check right along all the time. There is somebody from our office going over these jobs every month.

THE CHAIRMAN: That is from Head Office?

MR. WYNKOOP: Yes.

THE CHAIRMAN: As distinguished from the District Office?

MR. WYNKOOP: And the District Office, also. Oftentimes, they go over the jobs together. If we can pick up the District Engineer when we are going over jobs in his Division, that is desirable. We like to keep the Division Engineers from the several Divisions working along the same line. There cannot be very much happen, we don't think, on our jobs, that we would not catch pretty soon.

THE CHAIRMAN: Well, Mr. Chief Engineer, you

said a moment ago that very often you have people out on the job as well as your local Division Engineers' staffs; do you have any State practice of supervision of that sort that you follow?

MR. WYNKOOP: Well, we have a written report of the job from them when they go over it, materials and so on. The construction office makes a written report, and the Division office gets a copy of that, and a copy goes to the material office and the construction office.

THE CHAIRMAN: I mean, do you do that on a periodic basis?

MR. WYNKOOP: No.

THE CHAIRMAN: When the contract is half finished or anything like that.

MR. WYNKOOP: No.

THE CHAIRMAN: You have no set time?

MR. WYNKOOP: No set time. We just get around to them when we can and if we can, and there are some jobs which are more difficult than others. Some jobs you run into something which requires a lot of attention from the Main Office. We had a job a short time ago where they were having trouble with stability of the mix, and then they were also apparently having trouble with laying machines. Everything seemed to be

in adjustment, but we were getting a little more waviness than we should have. Various problems come up and the materials' engineers will spend a lot of time on that job with the construction engineer, division engineer, and so on, but on a job that runs smoothly, you do not get there so often.

However, in addition to any checks we make, the Bureau of Public Roads makes at least one check every month.

THE CHAIRMAN: That is the Federal Authority?

MR. WYNKOOP: Yes, and so we have a check on our Department from that.

MR. MULLER: Mr. Roberts, I think probably what you are getting at is dollar volume and change?

THE CHAIRMAN: Yes.

MR. MULLER: If we have any exceptional work or changes in the field, we submit a change order, or our resident engineer does, to the Central Office, if it involves considerable funds -- I would say around \$1,500 or more. Then it is looked into by our Division Engineer and our Central Office to see that the work is actually required, and a recommendation is made.

THE CHAIRMAN: When you say "looked into", would you as a matter of fact direct somebody from your office to go right out to the job in that case?

MR. MULLER: Right out to the job, and look over that additional work or that additional expenditure which is required.

THE CHAIRMAN: Before he would pass it?

MR. MULLER: Before we would approve the work.

MR. BECKETT, Q.C.: And check the quantity, too?

MR. MULLER: That is right. We would check into all the details of the original work and expenditure which is required for that particular work.

THE CHAIRMAN: Before you give authority for it; would that be right?

MR. MULLER: Yes, the authority, of course, comes from the Central Office, that is, the final authority.

MR. JANES: Where does your District Engineer come in on that? It seems to me your set-up is entirely different from ours.

THE CHAIRMAN: Well, he said for any major changes.

MR. JANES: But it appears to me you follow a policy that your contracts practically all come from Head Office?

MR. MULLER: Yes.

MR. JANES: The District Engineer does not

come in on that construction work; is that right?

MR. MULLER: He makes all the recommendations, and watches expenses, and if any changes are required, or he thinks something should be changed on the project, he makes the recommendation and the change order is submitted, goes through our regular channel, and approved by the Construction Department and Mr. Boynton.

MR. GORDON: Mr. Chairman, I would like to remind the Committee again that organization and distances make a tremendous difference. In Ontario, our District Engineers probably have to have delegated considerable more authority because of the vast distances involved.

MR. JANES: That is the point I was trying to reach.

MR. MAPLEDORAM: 400 miles.

MR. GORDON: So that your delegation of authority must be worked out to fit your particular physical conditions.

MR. JANES: Yes, that is the point I was trying to get. I think, with us, to a very great extent the District Engineer does most of the pre-engineering on the jobs, and prepares everything.

THE CHAIRMAN: I was going to ask the question regarding the statement yesterday that you could get earth

excavation at prices that seemed to us to be extremely low.

MR. WYNKOOP: They seem low to us, too, but we get them.

THE CHAIRMAN: Is there anything about that which should be observed? For example, would the man or the contracting firm that would be capable of handling earth excavation at a figure like that, have to have a very large amount of up-to-the-minute equipment to do it?

MR. WYNKOOP: Yes, they would. They do. But it is easier to move. It is the best in the world, as far as that goes. The hauls are not difficult. But at that price, you have to move it in a correct location the first time. You cannot play with it, you have to make a lot of yards per day. You have to have very efficient operations or you are going to go broke on it.

THE CHAIRMAN: Could you give me what kind of qualification category contractor you would think would have to handle that kind of job on that basis?

MR. WYNKOOP: Kind of equipment?

THE CHAIRMAN: Classification. Would he be in the \$50,000 class or the \$500,000 class?

MR. WYNKOOP: Our bigger jobs are still performed by probably a dozen contractors who do most of our grading, and they are big contractors. But if they

had efficient organization, they would not have to be so big.

MR. JANES: And this low price, would it not mostly be a case of just shoving the earth on that road?

MR. WYNKOOP: That is right.

MR. JANES: Not much hauling.

MR. WYNKOOP: Mostly within 500-foot hauls.

MR. JANES: Just using a big scraper, and shoving it in?

MR. WYNKOOP: Just using a big scraper, and shoving it in. There has to be compaction, it has to be put in in layers, rolled, and so on.

MR. JANES: But there would not be much hauling?

MR. WYNKOOP: No.

MR. JANES: Just shoving it in; that would account for it.

MR. WYNKOOP: Oh yes, it is cheap. We have about the best conditions to move under.

MR. BECKETT, Q.C.: That explains it.

THE CHAIRMAN: Then regarding unit prices, as worked out in your pre-engineering estimates; you do not reveal the prices before the bids are in, do you?

MR. WYNKOOP: No.

THE CHAIRMAN: Neither the total, nor the unit price?

MR. WYNKOOP: No, we do not reveal them afterwards -- or shouldn't.

THE CHAIRMAN: Do you ever ask the contractors to maintain or service the road for any time after completion in any of your contracts?

MR. WYNKOOP: No. When he completes his contract, when the job is final, then his responsibility ends. Excepting with landscaping.

MR. TUSKIND: We have not had any for so long now.

MR. WYNKOOP: No, we have not had too much luck raising trees, or the time to maintain them properly.

THE CHAIRMAN: On the question of bridges, major construction and jobs of that sort, do you usually take separate contracts for that kind of work, or are they included?

MR. WYNKOOP: We do on anything major. If it is a small bridge, we might let it with the grading.

THE CHAIRMAN: Your practice, though, is if it is any size bridge, to deal with it as a separate matter altogether?

MR. WYNKOOP: That is right.

THE CHAIRMAN: What would you call the minimum size bridge for such consideration?

MR. TUSKIND: 500 feet probably. Less than that, we would probably have to put in as a grading

contract.

THE CHAIRMAN: On the question of gifts, have you any regulations or statutory requirements prohibiting gifts.

MR. WYNKOOP: No, we have not any at all. We receive small gifts at Christmas time from contractors and equipment people occasionally, but, of course, we would have to have some regulation if they started giving any major gifts like automobiles, or something like that. The Bureau of Public Roads do have a very strict ruling of some kind. I have never seen the actual ruling, but if a contractor were to give them a box of candy, maybe a one-pound box of candy, they would have to return. They cannot accept anything. But we have never made any rules, and we receive some gifts, and practically all of us do around Christmas time. There is nothing big, nothing material. We do not see anything wrong in that, but if they start buying us suits of clothes and things like an automobile, there would be something wrong.

THE CHAIRMAN: One of the members asked me last night about the question of surveys from the air. Do you find that a satisfactory way for preliminary surveying?

MR. WYNKOOP: We are going to try our first one

shortly, so we don't know much about that. Mr. Tuskind probably could tell you a little about it. He and Mr. Bradley have been doing some studying, and we are going to try to take bids on one. But we really don't have any experience.

MR. TUSKIND: We have a full coverage of the State, photographs, and we make use of them, but this is the first project.

THE CHAIRMAN: One other point, ~~that is~~ use of State equipment by the municipalities; on that general subject, have you any comments on that at all as to your practice here?

MR. WYNKOOP: We do not do much of it. We do a little work for some of the smaller municipalities at times, and they pay for it on a rental basis, that is, minor work. We will do some patching for a municipality which is too small to have oil equipment and so on, as long as they pay for it. When we bill them for it, and they don't pay, we won't do any more for them.

MR. BECKETT, Q.C.: Do they pay the complete costs?

MR. WYNKOOP: Yes, they pay. We don't make a profit.

MR. MAPLEDORAM: You do not have any pool

of equipment set aside for the municipalities to rent?

MR. WYNKOOP: No.

MR. MAPLEDORAM: What do the small municipalitie do up here for snowplowing, for instance?

MR. WYNKOOP: Most of them do not do any. We would do the same thing with snowplowing. A little firm -

MR. MAPLEDORAM: Do you have any regulations covering that? Any procedure set up so you can legally do it?

MR. WYNKOOP: No, we cannot legally do it without pay, but we think we can legally do it if we charge our revenue. There is our Attorney and our Commissioner (indicating).

MR. MAPLEDORAM: I would be interested to know what you would charge a municipality for snowplowing.

MR. WYNKOOP: We can give you rates from the Maintenance Department. I have not them here, but we charge them our cost, but 50 cents, is it not, Gene?

MR. TUSKIND: I think we add some little thing.

MR. WYNKOOP: We could get that from the Maintenance office. We don't do a lot of it, it is just a little here and there when they want it.

MR. MAPLEDORAM: It would seem to me that in a State like North Dakota, it would be much the same as

northern Ontario. You must have a lot of farmers and people who would be pretty isolated if the Highways Department did not do the plowing. Who does it? Have the municipalities got plows?

MR. WYNKOOP: The counties do some of it.

COMMISSIONER THOMPSON: We do it in emergency.

MR. WYNKOOP: We do it for farmers, but we find they never pay us.

MR. DENT: The poor beggars haven't got any money; how can they pay you?

COMMISSIONER THOMPSON: Some time ago now, we plowed out a man in an adjoining county 50 miles north or a little better. He had a boy who was sick and had to go to a hospital. In a case of that kind, we send a plow out, and in this case we did so and plowed the road out. Two or three weeks later, he called up again, and said his boy was sick again, and he had to have the road plowed out to get him to the hospital. A new man went up this time and got lost in the territory. He called at one of the neighbours and wanted to know how to get over to the house. He said, "I understand his boy is sick and has to get to the hospital". The neighbour said, "His boy is sick? He is an old bachelor, he does not have any boy".

MR. DENT: Not around home, anyway.

MR. MAPLEDORAM: We don't have that in Ontario.

MR. BECKETT, Q.C.: They're the same the world over.

THE CHAIRMAN: Are there any members of the Committee who feel I may have missed some thing here? I have pretty well exhausted my notes this morning.

MR. MAPLEDORAM: I would be interested to know if there is any tie-up between the Highway Department and municipalities in any degree? you have no municipal engineer working within the Highway Department?

MR. WYNKOOP: None with that title.

MR. MAPLEDORAM: Would he be doing the same work as a municipal engineer, and called something else?

MR. WYNKOOP: Mr. Tuskind has to do more or less of it. Mr. Bradley does more or less.

MR. TUSKIND: We are confined to our State system within the municipality.

MR. MAPLEDORAM: You have no man who is allotted to advise and help out the municipalities?

MR. WYNKOOP: No, that is something which we probably should have, and we have been asked to get someone like that. In all our safety council meetings, one of the recommendations always has been that we should appoint a traffic engineer, of course, and have

a traffic department and that we should furnish traffic data to the municipalities, we should work with them on their problems of traffic and so on. But so far, we have a hard time staffing our engineering organization to take care of the necessary construction and so on. We have acted more or less like a training school for a lot of other Departments. We train people, and then lose them. We cannot help them.

MR. MAPLEDORAM: Who does that sort of work, the counties? Do the counties have an engineering staff?

MR. WYNKOOP: Yes, quite a number of counties do, and there is quite a number of consultants in the State doing county work and State work, too.

MR. MAPLEDORAM: Your Legislature does not pay any grants for road construction to municipalities or counties -- outright grants?

MR. WYNKOOP: No.

THE CHAIRMAN: But they share the gasoline tax.

MR. MAPLEDORAM: That is all the money that is paid, though?

MR. WYNKOOP: A good many of the counties, by law, can levy so much for road construction.

MR. JAMES: That is in taxes?

MR. MAPLEDORAM: Who would handle the superintending of the spending of the money within the

county?

MR. BECKETT, Q.C.: The county engineer.

MR. MAPLEDORAM: You have a county engineer?

MR. WYNKOOP: Some counties have a consultant acting as a county engineer, with several counties probably.

MR. JAMES: We have a county engineer and a county roads committee appointed each year.

MR. MAPLEDORAM: Have you any unorganized municipalities?

MR. WYNKOOP: We have unorganized townships, and of course, it is probably their responsibility. They have no other administration there except the county.

MR. MAPLEDORAM: I see; it is altogether different.

MR. WYNKOOP: They started in years ago, and a lot of things are hard to change. We have too many counties, and some of them can't pay their way even in good times, but just try to eliminate some.

MR. MAPLEDORAM: If they cannot pay their way, who pays it?

MR. WYNKOOP: Well, they are in debt. Eventually I do not know what will happen.

THE CHAIRMAN: This has really nothing to do with it, but I notice you are collecting a tax on all

meals and that sort of thing. That is a sales tax, I suppose -- a State sales tax on meals?

MR. WYNKOOP: Yes, we have sales tax.

THE CHAIRMAN: And on various purchases. Is that earmarked for any particular purpose?

MR. WYNKOOP: Yes, schools and welfare.

MR. BECKETT, Q.C.: What percent. is that?

MR. WYNKOOP: Two. About 22 percent. of that is paid on automotive parts and so on. We hope to get that percentage for highways by vote in the November election, but the schools have already come out against that. Some of the school authorities have, but we think they are rather shortsighted, because the last Session of the Legislature eliminated the tax on food and so on, and the measure was unconstitutional, so it was thrown out, but they lost it by a vote and they are going to lose it next time, and it will be Constitutional because it will be correctly drawn, unless they get some other group back in the sales tax. And if they get the highway user group backing it, they can probably keep the rest of that sales tax for schools and welfare, but if they don't go with the highway user group, they are apt to lose more than that 22 percent.

MR. BECKETT, Q.C.: How long has it been two percent?

MR. WYNKOOP: Oh, for a long time. I do not know just for how long.

COMMISSIONER THOMPSON: '37.

MR. JANES: When this 2 percent. tax goes to education?

MR. WYNKOOP: Education and welfare.

MR. BECKETT, Q.C.: Welfare includes hospitalization, I suppose?

MR. WYNKOOP: Well, I suppose they have some hospitalization.

MR. CRAWFORD: Welfare includes dependent children and indigent mothers, and other cases of that kind, and hospitalization is included for those who are eligible.

MR. BECKETT, Q.C.: For those cases?

MR. CRAWFORD: For those cases.

MR. JANES: They get the means test, then?

MR. CRAWFORD: Yes. The distribution is that seven goes to education, five goes to welfare.

MR. BECKETT, Q.C.: Have you any idea how much is realized on that 2 percent. sales tax?

MR. CRAWFORD: I did know, but I have forgotten. I believe it is in the neighbourhood of about \$3 million a year.

COMMISSIONER THOMPSON: It is more than that.

We figure getting more than \$3 million for collection of cars, trucks and accessories. I think it runs more like \$12 million or \$13 million, I believe. They have piled up a fund there, and have a balance in the two funds of something like \$25 million. It has to be appropriated to them by the Legislature after it is collected. It goes into an equalization fund, and the Legislator gives them what they need, and there is a balance there. They would use all you give them; no question of that.

MR. HERBERT: Is there any special charge on licenses for truckers?

MR. CRAWFORD: Yes, our license fee on all motor vehicles is graduated on the basis of weight and age, even for passenger cars, and the trucks are registered on the basis of their gross weight. It varies from \$15 for the lightest vehicle to \$1,000 for the heaviest.

MR. JANES: That brings up a point of great interest in our country. Do you have what we call a P.C.V. license, which gives permission to operate a truck on a road? Do you control that at all? Do you have those?

MR. CRAWFORD: Every automotive vehicle which operates on the highway first must obtain what we call

a motor vehicle license. That is, a regular plate.

MR. JANES: Yes?

MR. CRAWFORD: Then, if a man wishes to go into commercial hauling, you have many categories of that, and the first thing he has to do is to prove convenience and necessity before a Public Service Commission. If he proves convenience and necessity, then they issue him a public service certificate, and there is a fee for that, and there are several types of those certificates.

Then he gets a plate which identifies which vehicle for us, for I believe, \$15.00, for the type of work he is engaged in, whether an agricultural carrier, a class A operator or bus operator.

MR. JANES: Pretty much the same as ours.

MR. CRAWFORD: But he has two plates with us, a regular motor vehicle plate, and in addition, he gets the public service permit.

THE CHAIRMAN: I see, Mr. Commissioner, that we have here now, to be marked as an Exhibit, your Department's investigation of load carrying capacity of roads as affected by frost action, December 31st, 1953.

EXHIBIT NO. 35: Above report,
produced and marked.

THE CHAIRMAN: Is there any comment on that, further than what was made yesterday, as to whether it is advisable or necessary? At any rate, it is available for our study

and I fancy that is a matter of charts, and so forth. Mr. Walter may be glad to look at it.

MR. CRAWFORD: On that, Mr. Walter, should I make one comment; the design, if I recall correctly -- and correct me if I am wrong as I comment for Mr. Walter -- the 18,000 pound loading on single axles, and 3,000 on tandems in the States, requires a 400-pound cone bearing test on our method of testing, and you will notice on those charts that the cone bearing pressures are in excess of that in some instances and much lower in others. It is on that basis, that the Chief and the Commissioner regulate our restricted loadings. They hate like the dickens, of course, to come up to legal levels, but we have a coverage point of at least 400, and above that is some factor of safety.

MR. HERBERT: Do you have any State toll highway

MR. WYNKOOP: No.

MR. HERBERT: Nor bridges?

MR. WYNKOOP: We had that one that somebody mentioned yesterday, at Fairview. The directive is that the Highway Department pay that. It costs \$22,000 or so a year; all we pay is the watchman's salary and for the flanking of the bridge. It is still a railway bridge.

MR. HERBERT: Is that a result of government action?

COMMISSIONER THOMPSON: Legislative action, and there is a court case on it.

MR. WYNKOOP: We are building a highway bridge adjacent to it, and expect to have it completed in another year or so, and then of course, we will quit using it.

MR. JANES: Do you have any highway ferries?

MR. WYNKOOP: No; there are ferries in the State, but we do not operate any.

MR. JANES: Where you come to a river and there is no bridge, you accept no responsibility for them getting across?

MR. WYNKOOP: No, we don't have any highways coming up to a river without a bridge.

MR. JANES: I was referring more to an arm of a lake or something.

THE CHAIRMAN: I see you have provided us with a little folder here containing a number of specimens. Would somebody explain that?

MR. REICH: This is a file which has to do with the accounting of a gravel pit, and also related forms which have to do with acquiring a pit and keeping records on the pit. For instance, we have what we call our Form 166, which is a sort of pit inventory record. It has all the pertinent information to do with that deposit. It shows the owner, whether it was optioned

or bought, the price, the location and the original quantity and any material removed, and also the material remaining if any is remaining.

Then we have a form called the "Statement of Material taken from Pits". That form is prepared by the resident engineer on the project. He submits his form with his final estimate. On this form, he shows the location of all the gravel pits used on that project, the owner, and the amounts removed, and then the form comes to the Materials engineer, and the quantities removed are then posted on this Form 166 which I mentioned first.

MR. JANES: Are these pits owned by private people or by the Department?

MR. REICH: They could be owned privately or by the Department. We keep a record of all pits which are used on the project.

MR. JANES: I see you have a unit price of 8 cents per yard?

MR. REICH: For this particular pit, yes sir. Then we have another form called the "Pit Release Statement". We require that before the contractor moves off the job, that he have this form signed by the owner of the land. We find it saves us a considerable expense and trouble to have a contractor have this form signed,

because a lot of times, the owner has come in after the contractor has moved off and complained about the condition of the pit, the manner in which it was left, and we find it helps a great deal to have the contractor fix up the pit to the owner's satisfaction before he leaves.

MR. JANES: It doesn't say he has paid for the gravel.

MR. REICH: No, it does not. All that we require is the record, and that is usually kept on this form, "Statement of Material taken from Pit".

There is a column there, "Date Paid For", the last column on that form.

Then we have a "Materials testing Laboratory" report. The prospector sends in a sample of the material and the laboratory tests it and determines what qualities it has, and we keep the report in the pit file.

Then we have a form known as Form 684. This is a form which the Materials Engineer uses when he finds out that a job is coming up for contract. It is prepared and shows the amount of different kinds of materials required for the project. Also we show any known gravel clues in the vicinity of that project. This form is then sent to the prospector, and he will investigate any clues we show there, or any new clues

he may find on the project when investigating. Then when the prospector has located sufficient material for the job, he will return this form to the Materials Engineer, showing the pit locations he has investigated and the amount of material in each one.

Then I have here, what we call our "Option Form", form 195. This is a document by which we gain control of the deposit. We prefer this type of document, because the State does not have to pay out any considerable amount of cash. In fact, we usually have a \$1.00 consideration. Then this option is assigned to the contractor, and he pays directly to the owner at rates agreed upon with the owner, and only for the amount of material removed.

We also have a document called "Agreement for Sale of Gravel and Right-of-Way to Pit", which we sometimes have to use. In using this document, we do not buy the land; we only buy the sand and gravel in a described area.

MR. JAMES: That is an interesting point.

THE CHAIRMAN: You buy it on the place and leave it there?

MR. REICH: Yes, although we now in a great while buy a pit by warranty deed or quit claim deed. It is very infrequent, however.

Then we have what we call a "Test hole plat" which shows the deposit within a section. It shows the location of all the test holes and also a log of each test hole. The prospector prepares the information for this particular plat,

Yesterday we talked about this pit lift, and I have a copy of each file. It shows the information on any particular pit for a contractor's use.

Those are all the forms I have regarding that. If there are any particular questions, I would be glad to answer them.

THE CHAIRMAN: Thank you very much. That will be Exhibit No. 36.

EXHIBIT NO. 36: Above forms, collectively, re acquisition of gravel and sand, produced and marked.

MR. MactAVISH, Q.C.: Have you a bond form?

MR. MULLER: Yes. (Producing document).

MR. JOHNSON (Secretary): This is the list of qualified contractors in the State (indicating).

THE CHAIRMAN: Yes. Mr. Muller is now giving us a list of the qualified contractors in your State?

MR. MULLER: That is correct.

THE CHAIRMAN: And the classification of them, under your pre-contract classification?

MR. MULLER: Yes. That gives their rating and dollar volume of work, and class of work for which they are classified.

THE CHAIRMAN: Is there a key to what "A", "B" and "C" means in there?

MR. MULLER: On State work, the State law requires that the contractor have a contractor's license. That is a law which was passed a number of years ago. Where we have purely State funds, they also have to have a State license, and that is the class of their license. It refers to their dollar volume.

THE CHAIRMAN: I notice these are all "A", "B", "C", or -- nothing below "D", I guess. Has that to do with the license? That is not the pre-contract classification?

MR. WYNKOOP: "D" is very small, "A" is unlimited, I believe.

MR. MULLER: "A" is unlimited, "B" is \$125,000, "C" is \$65,000, and "D" is \$15,000. For instance, if they had a Class "D" license, they would not be able to bid on a contract over \$15,000 value.

THE CHAIRMAN: That is your minimum, then, that we were asking about yesterday?

MR. MULLER: Yes.

MR. WYNKOOP: That is strictly State projects, of which we have very few, because most of ours are Federal Aid projects, and State licenses are not required on Federal Aid jobs.

MR. MAPLEDORAM: Would the same method apply to Federal Aid contractors?

MR. WYNKOOP: No, they don't have to have a State license. But this was passed by the Legislature. It protects the State contractors, as far as highway work goes, and it does not have much effect because we have very little, very few State aid projects.

THE CHAIRMAN: I want to be sure I am clear on that. When you speak of a license, that is something entirely different from your pre-qualification requirement

MR. WYNKOOP: That is right.

THE CHAIRMAN: And these letters have nothing to do with pre-qualification then?

MR. WYNKOOP: That is right; we just have this for our information, so we know whether they have licenses or not.

EXHIBIT NO. 37: A list of qualified contractors in North Dakota State, produced and marked.

MR. MacTAVISH, Q.C.: Mr. Chairman, this Form 198 is a bidder's bond form. Have you a performance

bond form?

MR. MULLER: That is. It guarantees performance of the work. That is the same; it is a bidder's bond, but it covers performance of the work.

MR. TUSKIND: The successful bidder's bond is what it is. We do not require a bond for bidding purposes.

MR. MacTAVISH, Q.C.: This is the actual bidder's bond?

MR. MULLER: That is right.

THE CHAIRMAN: That is a bond required for bidding purposes, is it?

MR. MULLER: No, we don't require one.

THE CHAIRMAN: Oh, a performance bond? I see.

MR. MULLER: Our State law requires a certified cheque for 5 percent. to accompany each bidder's proposal, though.

MR. MAPLEDORAM: And that affects his own money; it is not a bond.

MR. MULLER: No, that is not a bond, it is a certified cheque.

MR. MAPLEDORAM: Yes, that is the same as we do.

MR. JANES: After he gets the bond, he gets that money back?

MR. MULLER: That is correct.

THE CHAIRMAN: Is this the bond then that you referred to a while back as the one which is bonded for wages and material, as well as other things?

MR. MULLER: That is an old one here (indicating) We shall have to take it back, and give you a new one.

MR. WYNKOOP: We used to require a bidder's bond, but we do not now.

MR. MULLER: I looked at that bidder's bond, and thought that did not look right.

MR. MacTAVISH, Q.C.: No, it didn't.

MR. MULLER: I will fix that up right now.

THE CHAIRMAN: Thank you. I see we have now, this salary schedule, which we will incorporate in our records. I take it, it is set up on a monthly basis?

MR. WYNKOOP: That is right.

THE CHAIRMAN: It reads as follows:

"NORTH DAKOTA STATE HIGHWAY DEPARTMENT
SALARY SCHEDULE - March 1, 1953

PROFESSIONAL

Grade 7 - \$675-745

Chief Engineer 685 - 745

Grade 5 - \$58-625

Central Office Department Heads

Engineer of Surveys & Plans	580 - 625
Construction Engineer	580 - 625

PROFESSIONAL (Continued)

Maintenance Engineer	580 - 625
Materials Engineer	580 - 625
Bridge Engineer	580 - 625
State Manager, Planning Survey	580 - 625

Grade 4 - \$515-575

Road Design Engineer	550 - 575
Secondary Road Engineer	540 - 565
Assistant Construction Engineer	540 - 565
Assistant Bridge Engineer	535 - 555
Assistant Materials Engineer	525 - 545
Bituminous Engineer	525 - 545
Testing Engineer	525 - 545
Right of Way Engineer	525 - 545
Division Engineer	520 - 540
Ass't Manager - Planning Survey	515 - 520

Grade 3 - \$440-515

Assistant Division Engineer	475 - 515
Division Resident Engineer	470 - 505
Structural Designer, Sr.	470 - 495
Location Engineer	450 - 485
Road Designer, Sr.	450 - 485
Resident Engineer	450 - 485
Engineering Assistant, Sr.	450 - 470
Section Manager - Planning Survey	450 - 470
Assistant Testing Engineer	445 - 460
District Maintenance Engineer	440 - 445

Grade 2 - \$370-440

Engineering Assistant	385 - 440
Laboratory Engineer	385 - 410
Field Laboratory Engineer	385 - 425
Designer	390 - 410
Draftsman, Sr.	370 - 385
Project Engineer	370 - 435
Engineer Inspector	370 - 385
Lab. Soils Engineer	385 - 410

Grade 1 - \$300-365

Draftsman	325 - 365
Instrumentman	300 - 345
Engineer Inspector	300 - 365

SUBPROFESSIONAL

Grade C - \$240-305

Computer	240 - 265
Inspector	240 - 285
Levelman	240 - 305
Laboratory Assistant (Field or Office)	240 - 305
Tracer	240 - 300

Grade B - \$190-260

Checker	190 - 260
Recorder - Planning Survey	190 - 230
Party Chief - Planning Survey	190 - 210
Inspector, Jr.	190 - 225
Rodman	190 - 205
Laboratory Assistant, Jr.	190 - 230

Grade C - \$150-190

Lab Helper	150 - 180
Prospector's Helper	150 - 190
Chainman	150 - 190

On construction, a subsistence allowance of \$3.00 per day (in the field classification) is allowed when away from assigned headquarters.

State laws do not regulate the periods of advancement nor change of salary. These items are discretionary with the Commissioner. Individuals who show good aptitude as well as good attitude will receive rapid promotion, both in added responsibility and increased salary. It is entirely up to the individual. "

MR. MAPLEDORAM: Does any cost-of-living tie into that?

THE CHAIRMAN: I think Mr. Muller is getting us the bond. Perhaps we can just take that along with us, and mark it as an Exhibit. It will speak for itself, I fancy, anyway.

Mr. Commissioner and gentlemen, I think perhaps we have now come to the end of our questions, unless Mr. Gordon or Mr. Walter have anything further to add.

MR. WYNKOOP: I would like to say just one word then.

---Discussion between Mr. Wynkoop, Mr. Gordon and Mr. Walter, not reported.

THE CHAIRMAN: Well, we do appreciate very much indeed, your courtesy and the time you have given us here.

Mr. Cave, in addition to his devotion to duty, also showed us around a little last evening, through some of your outside --

MR. BECKETT, Q.C.: Activities.

THE CHAIRMAN: Eating spots -- activities, yes, as Mr. Beckett said. Mr. Crawford was with us, too, but Mr. Gordon and I were working along with a couple of others, so we almost forgot we were on the party.

I do want to express on behalf of the members

of the Committee and the other gentlemen accompanying us, our appreciation, and I am just going to ask for a formal motion. Perhaps the gentleman on my right might move it, and perhaps Mr. Beckett might second it, if it is put in the form of a resolution.

MR. MAPLEDORAM: Mr. Chairman, I would like to move that the deep appreciation of the Ontario Government go out to the officials of the North Dakota Government for their very, very kind consideration and the hours they have spent with us, and all the information we have obtained here. I think it is going to be very helpful to us, Mr. Chairman. As you know, we visited New York State and had a wonderful reception there, and it certainly brings out again the great feeling of good-will which exists between the countries. Certainly we have felt that way everywhere we have gone in the States, and have enjoyed it very much.

So I would like, on behalf of the Government, to move a very hearty vote of thanks and appreciation.

MR. BECKETT, Q.C.: I would like to second that, Mr. Chairman, and would like to add also that we would like you to pay us a visit at any time. We think we have one of the greatest provinces there is. It is very, very large, and we certainly extend an invitation to you to come over and see us.

It is a great pleasure for me to be here. I second the motion.

THE CHAIRMAN: I am sure all members of the Committee carry the motion unanimously. (Applause).

I think perhaps that brings us to the point where we have just a few minutes to go to the top of the building and have a bird's eye view.

MR. CRAWFORD: Yes, certainly.

COMMISSIONER THOMPSON: Mr. Chairman, speaking of visiting your province, you did not mention one important thing. You did not mention fishing. We have some rather ardent fishermen in the Highways Department, who will go almost to the North Pole to get a fish or two. If you have anything to offer up there, I think it should be stressed.

THE CHAIRMAN: I think Mr. Herbert is the most experienced fisherman of the lot, and I think he could tell you a few good places.

COMMISSIONER THOMPSON: We are very happy to have had you here. We are sorry we could not do a little more for you in a social way, but it seemed it was impossible for us to get organized to that extent. We knew you were busy and were interested in the work end of it, rather than the other, so it just was not done.

We do enjoy doing those things, but there are certain things going on and it was impossible to get together.

I called Colonel Hillie at the Garrison Dam and he will be glad to have you spend whatever time you can spare there.

THE CHAIRMAN: Thank you, Mr. Commissioner.

COMMISSIONER THOMPSON: I do not know of anything else, but we certainly were glad to have you here.

---Whereupon at 10:25 a.m., the Committee adjourned to re-convene in the City of Fort William, Ontario, Thursday, June 24th, 1954.

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N O T E

Space has been left in the transcripts of the Committee's proceedings for the following volume, containing the Secretary's reports of proceedings had by the Committee en route from Bismark, N.B. to Port Arthur, Ontario, as follows:

VOL. XIII - JUNE 18, 1954 - BISMARK TO FORT FRANCES
VOL. XIV - JUNE 19, 1954 - FORT FRANCES TO RED LAKE
VOL. XV - JUNE 20, 1954 - AT RED LAKE, ONTARIO
VOL. XVI - JUNE 21, 1954 - RED LAKE TO PORT ARTHUR
VOL. XVII - JUNE 22, 1954 - PORT ARTHUR TO ATIKOKAN
VOL. XVIII- JUNE 23, 1954 - PORT ARTHUR TO MARATHON
VOL. XIX - JUNE 24, 1954 - TERRACE BAY TO PORT ARTHUR

The Minutes of which will be incorporated in the proceedings of the Committee as and when they have been approved by the members thereof, and officially signed by the Chairman.

This will account for the page numbers being out of chronological order.

The Reporter.

